

# Community and Economic Development



***Mission:*** *To manage the growth and change of the City of San José in order to encourage a strong economy, create and preserve healthy neighborhoods, ensure a diverse range of employment and housing opportunities, and encourage a diverse range of arts, cultural and entertainment offerings*

San José's continuing transformation as the largest city in the world's most innovative region requires strategic investment in four key areas:

First, San José must continue to take proactive steps to sustain a vital economy despite competition from high-quality, lower-cost regions nationally and globally. The area's ability to create jobs for San José residents and revenue for City services depends ultimately on the health of "driving industries," which typically have many location options. Despite some revenue growth in 2007-2008, recent economic indicators raise concerns about revenue generation over the next few years. Maintaining investments in revenue generation, including development of the retail tax base and growth of Clean Tech and biotech industry sectors, will help the City avoid on-going reductions in services.

Second, San José needs to continue to balance timely processing of development applications with consistent, high quality review and community involvement. The goal is a predictable development process for both regular and one-time customers. Significant improvements to the development process are being implemented based on performance data, scientific survey data, and ongoing collaboration with the development community.

Third, San José should continue to facilitate the creation and maintenance of diverse livable neighborhoods with an adequate supply of safe, affordable housing, preserving the community's distinct quality of life, natural environment, and heritage. As funding for affordable housing grows, the City is in position to implement an aggressive Ten-Year Homeless Plan and Five-Year Housing Investment Plan responding to the greatest housing needs in the San José community.

Fourth, San José must continue to nurture the growth of the arts and cultural amenities of San José. The vibrancy and quality of San José's arts and cultural offerings contribute to a strong economic base by nurturing a creative environment that makes San José a desirable community in which to live, work, visit, and play.

## ***Primary Partners***

Convention Facilities  
Economic Development  
Fire  
Housing  
Planning, Building & Code  
Enforcement  
Public Works  
Redevelopment Agency

## **CSA OUTCOMES**

- Strong Economic Base
- Safe, Healthy, Attractive, and Vital Community
- Diverse Range of Housing Options
- Range of Quality Events, Cultural Offerings, and Public Artworks

# City Service Area

## Community and Economic Development

### ***BUDGET SUMMARY***

#### ***Budget at a Glance***

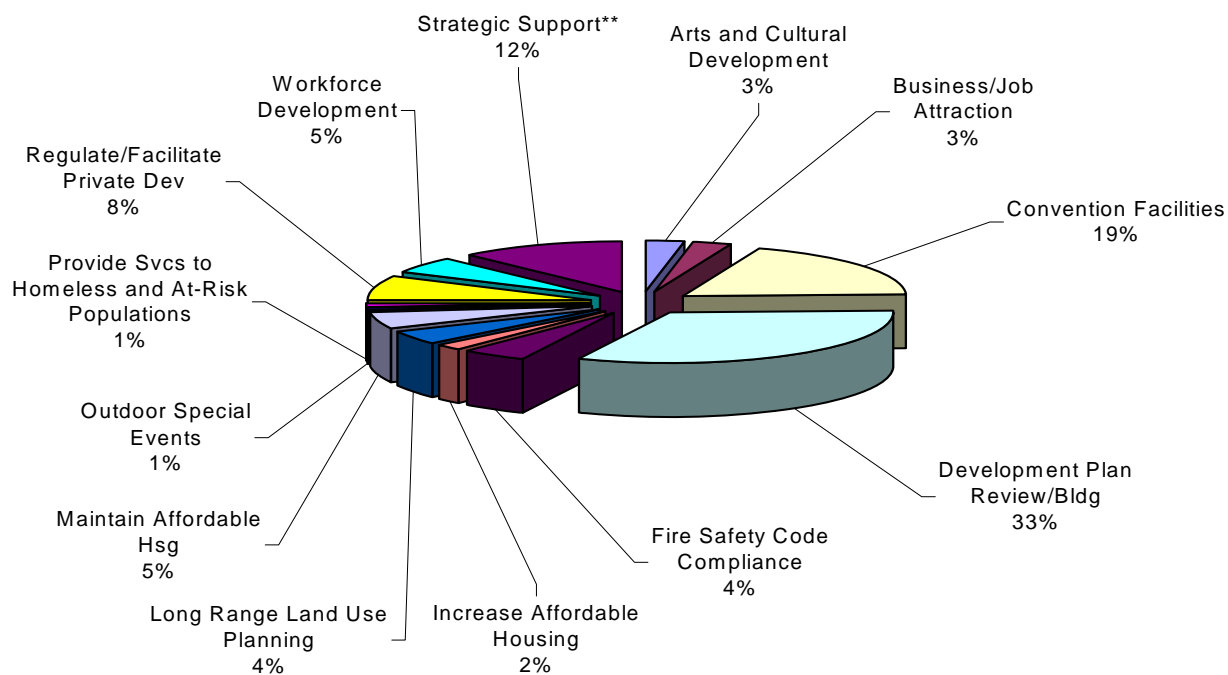
	2007-2008 Adopted	2008-2009 Adopted	% Change
Total CSA Budget (All Funds)	\$130,229,930	\$127,568,991	(2.0%)
Total Authorized Positions	610.03	577.34	(5.4%)

#### ***Budget & Performance Highlights***

- Ongoing investments in the implementation of the Economic Development Strategy to achieve the Strategic Objectives, including expanding retail opportunities; attracting and retaining driving industries and small businesses; and diversifying the economic base, will generate additional revenues for the City and advance the goal of eliminating the structural budget deficit.
- San José adopted a Green Vision, including goals for creating 25,000 clean tech jobs, 50 million square feet of green buildings, and including sustainability measures in the General Plan update.
- In an effort to increase sales tax revenues, Economic Development will continue its efforts to attract and retain retail businesses through the Auto Row strategy, the Shopping Center Improvement Pilot Program, and ongoing facilitation of major retail projects.
- San José will continue to create identity for itself as the epicenter of innovation through aggressive strategic communications. The next phase of the national/international public relations and identity-shaping initiative will continue to be implemented.
- The Public Art Master Plan, including “Focus Plans” for Downtown and North San José, will be implemented to enhance the City’s public realm.
- Following policy updates in 2006, 7,144 units and 318,000 square feet commercial and 1,488,000 square feet industrial have been approved in North San José.
- Work2future will continue to offer universal services to residents and businesses, despite significant projected funding shortfalls. Recent relocation to a centralized facility will further improve customer service and reduce costs.
- In 2007, the City began a three-year process to update the General Plan which will guide new growth and service delivery to the year 2040.
- The CSA will continue to enhance its ‘one-voice’ service delivery model to improve customer service through a predictable and timely development review process.
- The City is continuing its collaborative discussions with development customers to set service goals and budget levels, resolve concerns, and establish priorities for continually improving the development process and customer service. These discussions help shape a balanced fee program budget package with clear cost/service impacts.
- In 2007-2008, the Housing Department adopted its Five-Year Housing Investment Plan which sets the goal of producing 2,250 newly constructed affordable units from 2007-2008 through 2011-2012. Additionally, the plan outlines policy action items including the exploration of whether a city-wide inclusionary zoning policy would be desirable.
- Inclusionary Housing Program in Redevelopment Areas – On June 19, 2007, the Housing Department in collaboration with the San José Redevelopment Agency and the Department of Planning, Building and Code Enforcement (PBCE) successfully sought changes to the City’s Inclusionary Ordinance for Redevelopment Project Areas. These changes now allow for more flexibility in the administration of the inclusionary program and more options for a developer to meet the inclusionary obligations such as the payment of in-lieu fees, land dedication, and developing the affordable units off-site.

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***BUDGET SUMMARY***

***2008-2009 Total Operations by Core Service***



**City Service Area**  
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**BUDGET SUMMARY**

**City Service Area Budget Summary**

	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Dollars by Core Service</b>					
Arts and Cultural Development	\$ 1,956,765	\$ 2,089,964	\$ 2,174,402	\$ 2,204,071	5.5%
Business/Job Attraction, Ret., Expansion and Creation	1,702,367	2,152,556	2,058,008	2,107,926	(2.1%)
Convention Facilities	12,749,623	13,702,003	14,867,420	14,900,983	8.8%
Development Plan Review and Building Construction Inspection	23,881,923	27,273,783	26,437,069	25,437,388	(6.7%)
Enhance Quality & Supply Hsng*	N/A	N/A	N/A	N/A	N/A
Fire Safety Code Compliance	2,324,754	2,951,761	3,276,775	3,528,706	19.5%
Increase the Affordable Housing Supply	1,176,516	1,314,151	1,383,805	1,680,805	27.9%
Initiate & Facilitate Public Facil*	N/A	N/A	N/A	N/A	N/A
Initiate & Facilitate Private Facil*	N/A	N/A	N/A	N/A	N/A
Long Range Land Use Planning	2,593,907	3,367,748	3,334,716	3,390,393	0.7%
Maintain Existing Affordable Housing Supply	3,235,308	4,139,132	4,229,015	4,167,015	0.7%
Outdoor Special Events	775,466	892,287	886,250	686,250	(23.1%)
Promote & Imp N'hood Impvts*	N/A	N/A	N/A	N/A	N/A
Provide Svcs to Homeless and At-Risk Populations	467,296	488,684	587,549	814,820	66.7%
Regulate/Facilitate Private Dev	6,859,045	6,765,023	7,196,610	6,050,506	(10.6%)
Workforce Development	3,665,015	3,988,551	4,436,890	4,317,356	8.2%
Strategic Support**	7,711,087	9,360,979	8,710,735	9,327,158	(0.4%)
<b>Subtotal</b>	<b>\$ 69,099,072</b>	<b>\$ 78,486,622</b>	<b>\$ 79,579,244</b>	<b>\$ 78,613,377</b>	<b>(0.3%)</b>
<b>Other Programs</b>					
City-Wide Expenses	\$ 26,813,707	29,869,884	22,738,666	30,566,003	2.3%
Gen.Fd Cap, Trans & Reserves	4,479,500	21,873,424	5,757,853	18,389,611	(15.9%)
<b>Subtotal</b>	<b>\$ 31,293,207</b>	<b>\$ 51,743,308</b>	<b>\$ 28,496,519</b>	<b>\$ 48,955,614</b>	<b>(5.4%)</b>

\* The San José Redevelopment Agency (SJRA) Core Service budgets are not part of the City's Operating Budget.

\*\* The Strategic Support and budget authorized positions total only include SJRA positions that are funded in the City's Operating Budget as displayed in the City departments section of this document.

*City Service Area*

# Community and Economic Development

## *FIVE-YEAR BUSINESS PLAN*

### ***Current Position***     *How are we doing now?*

- The Economic Development Strategy effort has spawned over two hundred projects in 15 strategic areas. Key initiatives include retail; the development process; business attraction and retention; national/international communications; sports teams, events, and facilities; airport service; museum/cultural growth; San José State University; Downtown development; and land use/transportation planning.
- San José has an expanded portfolio of high profile, signature events that attract outside visitors and local residents; the Amgen Tour of California, the Rock 'n' Roll Half Marathon, ZeroOne San José, San José Jazz Festival, Cinequest Film Festival, and the San José International Mariachi Festival.
- Long-range planning efforts include identifying action items for SNI Neighborhoods, preparing a plan for the South Campus Area in collaboration with San José State University, and the annexation of County pockets.
- During 2006-2007, the Special Tenant Improvement (STI) Program issued permits for 42 projects, resulting in the development of approximately 2.1 million square feet of vacant commercial and industrial space, and the creation of approximately 2,200 jobs. Companies that used the STI Program in 2007 included BEA, Nanosolar, BD Bioscience, Solo Power, and Micron Tech.
- In 2006-2007, the Industrial Tool Installation (ITI) Program expanded to include industrial support projects and systems such as large industrial photovoltaic systems, cell sites and mechanical conditioning systems. In 2007, the ITI Program issued 104 permits for over \$12 million of tool and system installations. The ITI Program also partnered with the STI Program to facilitate the tool installation associated with several companies including Nano Solar and Solo Power.
- During 2006-2007, the Small Business Ambassador (SBA) Program assisted over 240 business owners, and issued 221 permits resulting in 36 new businesses opening. Small businesses that used the SBA Program in 2007 included Bijan Bakery, One World Montessori, Taqueria San Jose, A Perfect Finish, and Wine Affairs.
- The development fee program partners (PBCE, Public Works, and Fire) are implementing process improvements to address consistency, timeliness, communication, and customer service. Frequent discussions are occurring with the development community regarding performance levels and cost recovery fees in the 2008-2009 budget process.
- The total construction valuation in San José increased from \$852 million in 2006 to \$977 million in 2007. While commercial and industrial development is recovering from its low in 2003, residential development has continued to decline over the past year.
- Between January 1999 and December 2006, over 11,573 units were completed or under construction, surpassing the goal of 10,000 units over an eight year period.
- In 2007, the Blue Ribbon Commission on Housing and Homelessness, co-chaired by City of San José Mayor Chuck Reed and County of Santa Clara Supervisor Don Gage, met to complete a report with recommendations to end chronic homelessness in the years and solve the affordable housing crisis in twenty years.
- As a result of a collaboration between the County of Santa Clara's Office of Supervisor Don Gage and the Office of Affordable Housing, the United Way of Silicon Valley, and the City of San José Housing Department, a new transportation assistance program called UPLIFT will provide free quarterly bus passes to nearly 1,800 homeless individuals who are receiving regular case management services. According to the 2007 San José Homeless Census and Survey, 22% of unemployed homeless persons identified a lack of transportation as a reason for not being gainfully employed. The UPLIFT program aims to remove this obstacle for those who are in search of a job.
- On December 5, 2007, the fifth Project Homeless Connect (PHC) event was held to assist homeless residents on the road to self-sufficiency by providing a concentration of services including medical, mental health, housing information, employment, job search and financial assistance, personal hygiene kits, haircuts, and veteran services.
- Over the last two years, over 1,500 individuals, who are homeless or at risk of homelessness, were provided direct services and information at San José's PHC events. In 2008, the City plans to organize at least two PHC events for the general homeless population and one outreach event focused on services for young homeless or runaway persons. In addition, on November 2, 2007, the City conducted the first Project Youth Connect, a spin-off from PHC that aims to provide direct services and shelter to homeless youth between the ages of 16 and 25.

## **Community and Economic Development**

### ***FIVE-YEAR BUSINESS PLAN***

#### ***Selected Community Indicators***

#### ***What external conditions influence our strategies?***

- National Economic Trends: 2007-2008 saw increasing uncertainty in the credit markets. While Silicon Valley has been less impacted by these national trends than many other parts of the country, at the time of publication, local impacts are beginning to be felt.
- Job Growth: Despite weakening financial markets, the San José Metropolitan Statistical Area (MSA) saw 11,200 jobs being added over the past year. While job growth has improved over each of the past four years, the area has recovered only a small fraction of the more than 200,000 jobs lost since the height of the economy in late 2000. The unemployment rate declined in the San José MSA from 4.1% in December 2006 to 4.9% in December 2007 (below the State unemployment rate of 5.9%).
- Jobs/Housing Balance: San José continues to be 'housing rich and jobs poor.' In 2007, San José is projected to house 54% of the population in Santa Clara County but have only 41% of the County's jobs (Benchmark: jobs should at least equal percentage of population). The Council's actions to slow the conversion of employment lands to residential uses should positively affect this indicator in the future.
- Vacancy Rates: Combined Office/R&D vacancy rates declined from 18% in 2006 to 16% in 2007. Industrial vacancy rates remained constant at 6% in 2007. (Economists consider a 7 to 8% vacancy rate indicative of a healthy economy because it provides flexibility for companies to locate and expand.) San Jose's programs, as described in this document, are intended to facilitate rapid occupancy of vacant buildings.
- Housing Affordability: In October 2007, 27% of households in Santa Clara County could afford a median priced home, up from October 2006 (26%). The median priced San José home in November 2007 was \$745,000, a 2% increase from the same period during the prior year (\$729,000). The rental housing market has tightened with a 4% vacancy rate (Real Facts December 2007). Notice of Defaults have more than doubled (840) since December 2006 (313) according to the Santa Clara County Office of the Clerk Recorder. A large percentage of San José residents continue to be homeowners (61%).
- Homelessness: According to the City's January 2007 homeless count and survey, there are 4,309 homeless individuals residing in San José of whom 76% are living on the streets (unsheltered) and 24% are living in either emergency shelters or transitional housing. The individuals surveyed for this count cited the following as the primary reasons they were homeless: lost job (25%), alcohol or drug use (22%), incarceration (6%), and illness or medical problem (6%) (Source: Applied Survey Research 2007).

#### ***Trends / Issues / Opportunities***

#### ***What developments require our response?***

- San José faces aggressive global competition to maintain its position as the world's leading concentration of technical and entrepreneurial talent.
- Relative to other South Bay locations, San José has the opportunity to capitalize on relatively low rents, large land reserves, extensive housing, and an excellent talent base to make the city more attractive to business expansion. Major employment opportunities include the North Coyote Valley, Evergreen, and Downtown, as well as North San José and Edenvale, which are attracting cutting-edge companies in clean technology and bioscience.
- R&D and housing development in North San José will provide substantial job growth and increased revenues. Obsolete facilities no longer address driving industry needs and new development proposals will bring new opportunities, but will also require City development review and facilitation.
- The continued lack of housing priced at rates within reach of many residents poses social and economic problems. Housing growth continues, but overall zoning and permitting activity is lower than in previous years.
- 3,000 new housing units in greater downtown over the next five years will add tax revenue and support retail growth. City-wide, 13 high-rise residential projects, totaling over 5,000 units, are either under construction or in the planning process.

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# **Community and Economic Development** ***FIVE-YEAR BUSINESS PLAN***

## ***Trends / Issues / Opportunities***

## ***What developments require our response? (Cont'd.)***

- The traditional source of funding for affordable housing programs (20% Redevelopment Tax Increment funds) has increased by 12% in 2007-2008, a welcome increase following declines in previous years. Following recent changes in the inclusionary policy, the City is receiving a significant increase in in-lieu fee revenue. Developers are choosing to pay the fee rather than building affordable housing units in their developments. Staff will be evaluating the fee structure in the coming year.
- Several key non-profit service providers have been caught by the challenging economy and are now facing severe financial difficulties. Many agencies are looking to the City for financial support.
- The Association of Bay Area Governments (ABAG) is responsible for allocating the State-determined regional housing need to all jurisdictions in the Bay Area for the planning period of 2007-2014. In 2007, the City of San José received its final allocation under the new regional housing needs allocation (RHNA), which is about 8,000 units higher than the previous cycle. San José will now need to adopt a new Housing Element that can demonstrate how we will accommodate these housing needs numbers for both affordable and market rate units.

## ***Policy Framework***

## ***What policies guide our strategies?***

- City of San José 2020 General Plan
- “Getting Families Back to Work” Direction (2003, 2004, 2005 and 2006)
- Economic Development Strategy (2003)
- “One Voice” Economic and Neighborhood Development (2003)
- Framework for Evaluating Proposed Conversions of Industrial Lands (updated 2007)
- Downtown Strategy, prepared by the San José Redevelopment Agency (2000)
- 20/21 A Regional Cultural Plan for the New Millennium (expired mid-2007)
- Airport Public Art Master Plan (2005)
- Adopted Strong Neighborhoods Initiative Plans
- North San José Development Policy (Update 2005)
- Updated Transportation Level of Service Policy (2005)
- Five-Year Housing Investment Plan
- City of San José 2005-2010 Consolidated Plan
- Ten-Year Plan to Eliminate Chronic Homelessness
- Public Art Master Plan (2007)
- San Jose Green Vision (2007)
- Blue Ribbon Report (2008)

## ***General Plan Alignment***

Adopted by the City Council, the San José 2020 General Plan sets forth the vision of San José, reflecting the community values of residents and business owners. It is a long-range plan identifying the location and intensity of land uses, character of future development and existing neighborhoods, and the overall quality of life of the San José community.

There are no specific service level goals stated in the General Plan for the Community and Economic Development (CED) CSA. However, all work of the CED CSA contributes towards the General Plan’s overarching goals of facilitating economic development, creating municipal revenues to pay for City services, creating housing for all income segments of the community, revitalizing Downtown, and maintaining and enhancing the City’s overall quality of life.

## **Community and Economic Development**

### ***FIVE-YEAR BUSINESS PLAN***

#### ***General Plan Alignment*** (Cont'd.)

In addition to the General Plan, the CED CSA's business plan is guided by several other policy documents as listed above, including the Economic Development Strategy, Airport Public Art Master Plan, North San José Development Policy, and Downtown Strategy Plan. All of these documents are consistent with the General Plan, providing a greater level of detail as to how to achieve the goals set forth in the General Plan.

One of the elements of the General Plan is the Housing Element. The goal of the General Plan's Housing Element is to ensure that each municipality is addressing its housing needs across all spectrums. This is measured through the ABAG Regional Housing Need Allocation, which estimates that San José needs to provide adequate sites to accommodate 34,717 housing units for the period of 2007 through 2014, 19,268 of which need to be affordable to low- and moderate-income households (2,753 units of affordable housing units per year).

#### ***Key Strategic Goals & Objectives*** *Where are we going?*

This CSA generates revenues for the City through its business attraction/retention efforts, retail development, and event activities, as well as its facilitation of private development. This CSA is responsible for a continuum of services from long-range planning and development review to programmatic implementation aimed at job creation/retention/expansion; housing development; convention and visitor services; arts, cultural, and special event support and development; and overall quality of life in San José's diverse neighborhoods.

#### **Outcome 1: Strong Economic Base**

- **Implement the San José Economic Development Strategy** – To renew opportunity and prosperity for residents and continue revenue growth for City services through expansion of the economy, the City of San José adopted its first ever city-wide Economic Development Strategy in fall 2003. The Strategy provides a clear vision of the City's economic future and recommends 15 initiatives that build on San José's strengths. Many new policies and projects will continue to promote implementation of the Strategy. It reinforces San José's identity as the Capital of Silicon Valley through the use of technology and enhancement of its entrepreneurial environment. San José's role as a creative community and global business gateway will be an important element in positioning San José as the world's most livable big city. Successful implementation of the initiatives will require a community-wide effort by public, private, and non-profit sectors.
- **Strengthen Festivals and Continuing Events** – Through collaborative outreach and other tools, this CSA seeks to continue its efforts to attract and hold significant special events to San José, bringing regional, national, and international attendees. Plans for 2008-2009 include creating a Downtown Festival site which would accommodate events, such as Cirque du Soleil.
- **Leverage Relationship with San José State University (SJSU) and Other Community/Regional Partnerships** – The City's relationship with SJSU and other educational institutions as well as other important community partnerships, such as Joint Venture Silicon Valley, the Entrepreneurial Center (E-Center), 1<sup>st</sup> ACT Silicon Valley, Artsopolis, and the various Chambers of Commerce, represent a tremendous opportunity to drive economic impact and strengthen the community. Current activities with SJSU include joint planning to determine appropriate land uses and shared opportunities in the South Campus Area, a pilot Homeownership Program for new faculty at San José State University, and the Public Sector Career Initiative. Other partnerships involve support services to a diverse range of businesses, specialized workforce training programs, and regional economic development activities. Collaboration with 1<sup>st</sup> ACT Silicon Valley is an important opportunity to accelerate progress Downtown.



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# **Community and Economic Development**

## ***FIVE-YEAR BUSINESS PLAN***

### ***Key Strategic Goals & Objectives***    *Where are we going? (Cont'd.)*

#### **Outcome 1: Strong Economic Base (Cont'd.)**

- **Facilitate Development** – To attract, retain, and expand businesses in the City, San José is focused on providing timely, thorough, and consistent development application and inspection services. Special attention is given to tenant improvements, small businesses, and machinery installation. Ongoing improvements to the development process combined with direct assistance to key projects should help San José retain and attract job- and revenue-generating companies during these uncertain economic times.
- **Develop Clear and Current Land Use Policies** – Long-range land-use planning is necessary to guide housing construction, economic development, downtown revitalization, neighborhood preservation, and open space and natural resource protection. In addition to the City's ongoing efforts, work is underway to update the sign code, address land use conflicts in Downtown, and establish a Green Building policy for private development. The City is also proceeding with a comprehensive update of the General Plan with extensive community involvement.
- **Economic Data and Analysis** – The Office of Economic Development (OED) serves as a resource to educate City leadership and staff about micro- and macroeconomic issues through a wide range of presentations and statistical/spatial analyses. Staff provides quarterly Economic Indicator and Demographic Reports to City officials and senior staff, and continually supports important City efforts, such as air service attraction, business linkage analysis, and land use impact analysis. In 2007, OED partnered with academic experts to develop a statistical tool to evaluate the economic and fiscal impacts of City-supported events. In addition, OED regularly provides companies with site selection analyses, which bolster the City's job retention and expansion efforts.

#### **Outcome 2: Safe, Healthy, Attractive, and Vital Community**

- **Refine Predictable and Financially Stable Development Process** – The five year goal for the development process is to make San José the best place in America to conduct business by:
  - Establishing a predictable and timely development review process by emphasizing a facilitation approach, providing seamless 'one-voice' service delivery, and updating policies and codes;
  - Achieving financial stability and full cost-recovery for the development fee programs, adjusting hourly rates annually for changes in staff costs, and performing periodic cost of service analyses;
  - Expanding provision of enhanced service options at a premium fee for customers desiring expedited service;
  - Continually improving the process and customer service through ongoing dialogue with development customers about their concerns and priorities, measuring performance, and conducting an annual scientific customer survey;
- **Update the General Plan** – A three-year process is underway to update the General Plan, which is required by State law as a basis for local agencies to issue entitlement and construction permits. The General Plan not only serves as land use and transportation policy but also sets service delivery goals. The process includes significant community involvement.
- **Strengthen the Strong Neighborhoods Initiative (SNI)** – the CED CSA is an active participant in furthering the City's Building Strong Neighborhoods effort. Work is underway to identify the next set of actions in the SNI Neighborhoods. The SNI model is being expanded to include three additional neighborhoods outside of Redevelopment areas.

## **Community and Economic Development**

### ***FIVE-YEAR BUSINESS PLAN***

#### ***Key Strategic Goals & Objectives***    *Where are we going? (Cont'd.)*

#### **Outcome 3: Diverse Range of Housing Options**

Despite being one of the most expensive housing markets in the nation, the City of San José maintains its commitment to fostering the creation, retention, and maintenance of affordable housing through progressive planning and development policies, aggressive leveraging of funds, unique partnerships, proactive policy analysis, skilled advocacy, and committed staff. The following are key issues facing the CED CSA in continuing the City's commitment to providing housing that is affordable to all of its residents.

- **Increase Housing Opportunities for Low-and Moderate-Income Households** – Starting in 2006, 20% Tax Increment funds growth has improved and experienced a 12% increase in growth in 2007-2008, a welcome increase following declines in previous years. As long as this growth level continues, a strong focus will be placed on increasing production, following years of reduced production levels due to instability in tax increment funds.
- **Expand Market-Rate and Affordable Housing Opportunities** – Emphasizing housing development in the Downtown, in Neighborhood Business Districts, at transit stops and in North San José remains a priority for San José. Directing growth to in-fill locations that capitalize on existing and projected transit routes will help revitalize these areas while reducing traffic.
- **Maximize Impact of Housing Resources** – The CSA will strategically use CDBG, HOME, and CalHOME, as well as exploration of other grant and loan sources including new Proposition 1C funds, to ensure that San José residents receive maximum benefit from these revenue sources. The City will work with the Local Initiative Support Corporation and other partners as they consider a County-wide funding source for affordable housing production.
- **In-Lieu Fees** – In June 2007, the City Council revised the inclusionary policy providing additional flexibility to developers in paying the inclusionary in-lieu fee. In the first six months of 2007-2008, the Housing Department received over \$10 million, which will be used to finance the development of affordable housing and support homeless services.
- **Eliminate Chronic Homelessness** – The City is working in partnership with other government and private organizations to develop creative strategies to implement an aggressive plan to end chronic homelessness in 10 years. Action items related to this effort include holding Project Homeless Connect Days to deliver direct services, securing and distributing Section 8 vouchers to chronically homeless persons, and continuing efforts with local, State and national partners to improve service delivery systems for the homeless. NOTE: Add 1) One-Stop Center; 2) Governance Structure; 3) Homeless Initiative; 4) Connection of Case Management to Housing Production.

#### **Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks**

- **Preserve Core Programs** – An increase in 2008-2009 Transient Occupancy Tax revenues will result in increased available funding for arts operating grants, arts project grants, and events grants.
- **Enhance the Built Environment** – Following adoption of a new five-year Public Art Master Plan, the City will partner with supporting constituencies (artists, community, capital project managers, policymakers) to incorporate public art and art planning into the City's urban design plans, regional infrastructure and transportation; broaden the communities that public art serves; and encourage community-based public art initiatives.

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## **Community and Economic Development**

### ***FIVE-YEAR BUSINESS PLAN***

#### ***Key Strategic Goals & Objectives***    *Where are we going? (Cont'd.)*

##### **Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks (Cont'd.)**

- **Strengthen Arts and Cultural Sector** – Building the capacity of San José arts providers is pursued along several paths:
  - A new three-year collaboration with several regional agencies will facilitate the participation of San José arts providers in a new Regional Learning Network aimed at increasing cultural participation in an environment characterized by changing demographics and new technologies.
  - Support for the California Cultural Data Project, a new initiative led by foundations and public-sector agencies throughout the State, will enable San José arts organizations to join with some 5,000 others in California to record, understand and report their financial and attendance data easily, enable arts leaders to easily compare their performance against comparable organizations, and facilitate grant application and reporting for multiple funders.
  - The Arts Stabilization Flexible Fund, created in 2008, will provide the Office of Cultural Affairs with a resource base for assisting arts groups showing early signs of distress to avoid falling into a financial crisis.
  - The Organization Development Grants, which support technical assistance for arts groups of all sizes, have also been revised to improve its effectiveness and efficiency, based on the findings of an independent assessment.
- **Develop Cultural Strategy** – In 2008, OCA began a year-long partnership with the Center for Cultural Innovation to investigate and develop multi-year strategies to make San José a supportive and opportunity-rich community for individual creativity entrepreneurs—visual and theater artists, musicians and composers, writers, designers, architects, and others. The City is also engaged in the Santa Clara County of Education’s efforts to develop a new master plan for arts education, and will use that engagement to kick off the development of a long-term strategy for substantial improvement in access to arts education for new generations of San José students. In addition, new strategic directions have been articulated and pursued in “art and technology” and special events.

## Community and Economic Development

### *TWO-YEAR INVESTMENT STRATEGY*

#### Overview

*In 2008-2009 the Community and Economic Development (CED) CSA will continue to invest in revenue-generating efforts while preserving essential core services in the short term. These preparations are helping the City to emerge from the recent economic downturn in a strong position to continue to implement the General Plan, quality growth policies, and a well conceived economic development strategy. A major emphasis is to meet client expectations for service delivery while remaining within resource constraints.*

*A number of strategies will be employed by the CED CSA to maximize the provision of services to the public with reduced resources, including increased efficiencies and delivery consolidation, aligning costs and fees for service, pursuit of outside grants, reducing subsidies to outside groups and finally, where necessary, impacting service delivery by reducing staff and non-personal/equipment costs.*

#### Key Investments & Objectives

*How will we accomplish our goals?*

##### Outcome 1: Strong Economic Base

**Year 1: 2008-2009 – Planned Service Strategies**

- **Continued Augmentation of Economic Development Programs** – Alignment of activities to the Economic Development (ED) Strategy and the Strategic Outcomes recommendations will continue.
  - ❑ **Expand retail opportunities** to improve the quality of life for residents and generate additional revenues for the City's General Fund. The Office of Economic Development will work to achieve the Strategic Goals of 'Increasing Economic Vitality' and 'Eliminating the Structural Budget Deficit' by identifying potential retail locations and aggressively working to increase revenues. (ED Strategy #13)
  - ❑ **Communicating a compelling community identity** nationally and internationally is a fundamental element to attracting talent, investment, air service, visitors, and funding to San José. (ED Strategy #14)
  - ❑ **Facilitating Development** of job and revenue-generating company expansions and relocations provides San José with a competitive edge. Recent designation as a California Enterprise will give San José a comparative advantage over other communities to attract/retain businesses. (ED Strategies #5, #6, #8)

##### 15 STRATEGIC ECONOMIC DEVELOPMENT INITIATIVES

###### Global Gateway

1. Build a World-Class Airport Facility and Air Services.
2. Forge Connections to Innovation Regions Globally for Mutual Economic Benefit.

###### Creative Community

3. Develop Strategic Partnerships with San José State and Other Universities to Drive Innovation and Economic Impact.
4. Evolve and Position Downtown as a Unique Creative and Cultural Center of Silicon Valley.

###### Entrepreneurial Environment

5. Support Start-Up and Growth of Local Businesses, Small and Large, in Tech as well as Non-Tech Fields.
6. Improve Speed, Consistency, and Predictability of the Development Review Process, and Reduce Costs of Operating in San José.

###### Tech-Savvy City

7. Make San José a Tech-Savvy City; Lead the Way in Using Technology to Improve Daily Life.

###### Place of Opportunity

8. Diversify San José's Economic Base and Preserve/Create Middle-Income Jobs.
9. Prepare Residents to Participate in the Region's Economic Opportunity, from K-12 to Lifelong Learning.

###### World's Most Livable Big City

10. Continue Emphasis on Developing New Housing, Including New Housing Types in a Variety of Neighborhood Settings.
11. Revise Key Land Use and Transportation Policies to Reflect the New Realities of the San José Economy.
12. Encourage Sporting Teams, Events, and Facilities, Professional as well as Amateur.
13. Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Livability.

###### Capital of Silicon Valley

14. Communicate a Compelling, Consistent Community Identity for San José.
15. Engage Private-Sector Leadership for San José's Economic Strategy.

*City Service Area*

## **Community and Economic Development**

# ***TWO-YEAR INVESTMENT STRATEGY***

### ***Key Investments & Objectives***    *How will we accomplish our goals? (Cont'd.)*

#### **Outcome 1: Strong Economic Base (Cont'd.)**

##### ***Year 1: 2008-2009 – Planned Service Strategies (Cont'd.)***

- **Encouraging sporting and cultural events and activities** to locate in San José will help bring additional tourism money and raise the image of San José as a compelling destination. Successful augmentation of the City's special event program, including the support of ongoing signature events and activation of City Hall public spaces, requires extensive planning and coordination. Investment will continue in ZeroOne San José as a strategic cross-cutting festival that showcases the creative intersection of art and technology, integrating both local and international artists. (ED Strategy #12)
- **work2future** – As Workforce Investment Act funding continues to be reduced at the Federal level, additional local support may be required to maintain services provided to the roughly 11,000 clients served monthly and the thousands of individuals using the services of the BusinessOwnerSpace.com website. (ED Strategy #9)
- **Team San José** – Under the agreement approved in 2007, Team San José will continue to manage the City's Convention and Cultural Facilities based on a new model of non-profit management. Team San José will continue to be evaluated on performance measures that include gross revenue targets, financial performance indicated by net profit or loss, economic impact, attendee day figures, and customer service results. (ED Strategy #4)
- **North San José Development Policy Implementation** – North San José is targeted for higher density office and mixed-use development. The revised land use and transportation policies reflect the new realities of the San José economy and these policies are encouraging development in the area. With a number of projects approved and others in the pipe line, the area is positioned to move forward. (ED Strategy #11)
- **BusinessOwnerSpace.com** – The City of San José and work2future launched a small business network in 2007 to better assist the 50,000 small business and thousands of entrepreneurs in San José. The network currently consists of 39 service providers who support the growth of small business through a range of services. Ongoing investment in this virtual network will expand the number of clients using the service and the quality of services provided.
- **Sign Code Update** – Working with businesses and interested residents, an update to the sign code is intended to facilitate attractive signage in appropriate locations in the City.
- **Green Vision Implementation** – Key priorities for 2008-2009 include attracting clean technology companies, piloting energy efficiency initiatives for City facilities and low income families (projected payback period of two to three years), completing the solar roadmap and demonstration projects with assistance from the Department of Energy Solar America Initiative, completing the Green Mobility Showcase, implementing a private sector green building policy, testing waste-to-energy technology, and expanding the use of recycled water.

##### ***Year 2: 2009-2010 – Projected Service Strategies***

- **Implementation of the Existing General Plan** – Implementation of recent policy changes in North San José, Downtown, and other areas will continue by issuing permits for job and housing growth in these strategic locations. (ED Strategy #11)

***Key Investments & Objectives***    *How will we accomplish our goals? (Cont'd.)*

**Outcome 2: Safe, Healthy, Attractive, and Vital Community**

**Year 1: 2008-2009 – *Planned Service Strategies***

- **Development Fee Program Coordination** – Efforts are underway to ensure consistent, timely, and high quality development services between Planning, Building, Public Works, and Fire. Performance measurement, customer service survey data, and regular communication with the development community drive process improvements.
- **Small Business Ambassador Program** – This program helps small business owners relocate, operate, or expand in San José, facilitating job creation in the City. Providing small businesses with assistance in navigating the development permit process will help them open for business sooner and likely reduce their “up front” costs. The program will complement existing expedited permit programs by emphasizing a facilitation approach and providing seamless “one-voice” service delivery. (ED Strategy #5)
- **Industrial Tool Installation Program** – This program helps facilitate improved customer service for high tech manufacturing and R&D companies by expediting the permitting and inspection processes of large tool installations in industrial facilities. This program will continue to greatly support start-up and expansion of driving industries. (ED Strategy #5)
- **Neighborhood Business Districts** – This program will continue in Redevelopment Agency project areas to include collaboration and support of business associations, façade improvements, and infrastructure investments. (ED Strategy #5)
- **Fee Adjustments** – The City’s development services partners (Building, Planning, Public Works, and Fire) consulted with development industry groups on a fee and service level package that became the basis of fee program budget balancing adjustments. In addition, the new time-based fee methodology will be expanded to Planning and Public Works Fee Programs in 2008-2009. (ED Strategy #6)
- **Green Building** – The City is developing a Green Building policy for new and existing commercial and residential development in order to fulfill the Mayor’s Green Vision Goal #4: “Build or retrofit 50 million square feet of green buildings”.
- **Long Range Land Use Planning** – Land use actions in support of Strong Neighborhood goals will continue at the reduced service levels necessitated by reductions in staff resources in 2005-2006, years prior, as well as additional reductions approved for 2008-2009. These activities also influence a wide variety of initiatives and actions contained in the ED Strategy. (ED Strategy #11)
- **Comprehensive General Plan Update** – A three-year effort to comprehensively update the City’s General Plan is scheduled to continue through 2008-2009 and includes Green Vision Goal #7: “Adopt a General Plan with measurable standards for sustainable development”. (ED Strategy #11)

**Year 2: 2009-2010 – *Projected Service Strategies***

- **Comprehensive General Plan Update** – The three-year effort to comprehensively update the City’s General Plan is scheduled to continue in 2009-2010. (ED Strategy #11)
- **Continuing Dialogue with Development Customers** – The dialogue between the City’s development service partners and representatives of the development community will focus on service and fee levels and process improvement priorities in 2009-2010. (ED Strategy #5, #6)
- **Long Range Land Use Planning** – Any new specific area study will require new funding commitments for staffing. (ED Strategy #11)

*City Service Area*

## **Community and Economic Development**

# ***TWO-YEAR INVESTMENT STRATEGY***

### ***Key Investments & Objectives***    *How will we accomplish our goals? (Cont'd.)*

#### **Outcome 3: Diverse Range of Housing Options**

##### **Year 1: 2008-2009 – *Planned Service Strategies***

- **Support to the Blue Ribbon Commission for Homelessness** – In 2008-2009, this budget includes funding to add a Homeless Services Manager in a limit dated position to ensure the staffing and resources necessary to achieve this goal are in place. A primary task of this new position will be to implement the recommendations put forth by the Blue Ribbon Commission.
- **Disaster Preparedness** – In 2008-2009 this budget adds an Emergency Services Specialist to respond to the increasing number of residential fires, code enforcement actions, and other disasters that lead to residents being displaced from their homes. As a part of this role, this position will be actively involved in overseeing the management of the Haven, a shelter specifically designed for housing disaster victims. This position will also proactively prepare for emergency situations that could leave substantial numbers of San José residents without shelter.
- **Increased Funding Sources** – In 2008-2009, this budget includes funding to add an Accountant to assist existing staff in responding to the significant growth in number and complexity of funding sources, revolving loan fund for Teacher Housing Program, and changes in the inclusionary policy related to In-Lieu fees.
- **Increasing Production of Affordable Housing** – In 2007-2008, the Housing Department adopted its Five-Year Housing Investment Plan which sets the goal of producing 2,250 newly constructed affordable units from 2007-2008 through 2011-2012. This is an aggressive plan and an additional \$250,000 in 2008-2009 has been included for consultant services is proposed to support this effort. These funds will be used on consultant services designed to ramp up production of affordable housing in future years.
- **Creative Housing Initiatives** – The Housing Department will continue to focus on non-monetary activities, including identifying new sites for housing development, strengthening the City's inclusionary housing program, implementing the secondary unit pilot program, addressing concerns regarding illegal units, lobbying for continued federal funding, supporting City Rent Control programs, and promoting fair and equitable lending. The Housing Department will also focus on implementation of the new Five-Year Housing Plan, which includes an evaluation of expanding the current inclusionary program city-wide.

##### **Year 2: 2009-2010 – *Projected Service Strategies***

- **Homeless Efforts** – The City will continue to focus on implementation of the Blue Ribbon Commission recommendations. Future year efforts will include continued implementation and evaluation of the permanent supportive housing program designed to house the homeless. Additionally, City and County agencies will be developing and implementing a coordinated discharge plan to prevent individuals leaving institutional settings from becoming homeless. The Blue Ribbon stakeholders will also implement outreach and engagement efforts to foster the participation of homeless individuals living on the streets in supportive services and eventually permanent housing.

***Key Investments & Objectives***    *How will we accomplish our goals? (Cont'd.)*

**Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks**

**Year 1: 2008-2009 – *Planned Service Strategies***

- **Advance Strategic Initiatives** – Several areas will receive strategic attention in 2008-2009: Led by OCA and the Arts Commission, the City will follow its participation in the development of a County-wide arts education master plan to focus on strategies to meet the long-term arts education needs of San Jose students. The OCA will complete its year long investigation into strategies to improve opportunities for San José artists and other creativity entrepreneurs. A collaboration with other regional partners to build cultural participation capacity through a Regional Learning Network will be in its first year. OCA will work with the California Cultural Data Project to facilitate training for arts groups and integrate financial data into grant applications.
- **Implement Small Wonders Workplan** – The City and San José Redevelopment Agency (SJRA) will continue to work together in 2008-2009 to realize the vision put forth by 1<sup>st</sup> ACT (a not for profit organization) to transform San José into Silicon Valley's City Center and advance the Small Wonders Workplan adopted by Council in 2007, which includes smaller scale projects that will create attractive gathering spaces, lively street life, and keep people returning to Downtown as a special place. The City and SJRA successfully identified, through their respective budgets, \$5.3 million in 2007-2008 to help fund and support the 22 Small Wonder Projects. Through the collaborative effort of six City Departments and the SJRA, efforts such as the Downtown Street Vendor Program, Sidewalk Café Permits, and Artwork in Transit Malls have been completed thus far. Approximately half of the Small Wonder Projects require a policy or ordinance change, and the City and SJRA staff continues to explore the appropriate changes.
- **Enhance Leadership for Cultural Affairs** – The reinstatement in 2007-2008 of the OED Deputy Director for Cultural Affairs helped enhance the cultural development of San José and addressed the complex challenges facing local cultural organizations. This position is a change agent within the City structure, to integrate arts/culture as an important consideration involving City resource decisions and policy development, and to bring expertise and perspective to discussions that involve arts and cultural facilities, neighborhood arts development, special events and other arts/cultural matters.
- **Fund Redeployments to Preserve Core Programs** – One of the core missions of this Outcome is to provide support to help sustain and improve the basic health of San José arts providers. Towards that end, a portion of Transient Occupancy Tax (TOT) revenues has been set aside to fund cultural programs as well as grow a long-term reserve that will provide essential stability to the City's Operating Grants (arts), a key source of vital general operating support for arts organizations. The Arts Stabilization Flexible Fund, fueled with earnings from the core Arts Stabilization Fund will position the OCA to help organizations avoid the need for crisis assistance.
- **Interdepartmental Events Production Team** – The team's approach to the implementation and production of successful outdoor special events will continue. Production of City events, including the development of event sponsorship packages will be incorporated within the scope of services available from the Office of Economic Development. Broadening the established events coordination of staff in multiple departments, to include Risk Management, City Attorney's Office, and Finance representatives, will strengthen the knowledge base of the events production team. In addition to the existing front-line operational team, a core senior/executive management steering team will provide oversight to ensure coordination between events as well as with business and neighborhood stakeholders.
- **Public Art Downtown Focus Plan, Artwork Maintenance Strategy** – In the first half of 2007-2008, a "focus plan" was created to articulate a specific vision for public art in Downtown San José. Implementation ordinances for the Public Art Master Plan will be developed and forwarded for adoption by City Council. A key part of implementing the plan will be addressing conservation and maintenance needs of the City's extensive Public Art Program.



*City Service Area*

**Community and Economic Development**  
***TWO-YEAR INVESTMENT STRATEGY***

***Key Investments & Objectives***    *How will we accomplish our goals? (Cont'd.)*

**Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks (Cont'd.)**

**Year 2: 2009-2010 – *Projected Service Strategies***

- **Cultural Development** – Work with vendor for a new City-wide Grants Database to integrate financial and attendance data from the California Cultural Data Project into proposed new Web-based City grant applications. Review and initiate the implementation of development strategies for individual artists and other creativity entrepreneurs. Plan the implementation of new long-term arts education improvement strategies. Implementation of new direction is anticipated to require identification of internal and external funding sources and new collaborations with local, regional, and other partners.

***Outcome 1: Strong Economic Base***

***Economic Development Strategy***

Since its adoption in November 2003, the Economic Development Strategy has served as a blueprint for San José's economic recovery. In the past five years, over 220 projects have advanced the 15 Initiatives identified in the Strategy. Implementation continues to be a city-wide effort involving 18 departments and more than 150 City and Redevelopment Agency staff. Key initiatives receiving priority implementation include:

- Diversify San José's economic base and preserve/create middle-income jobs;
- Develop retail to full potential, maximizing revenue impact and neighborhood livability;
- Support start-up and growth of local businesses, small and large, in technology as well as non-technology fields;
- Develop strategic partnerships with San José State University to drive innovation and economic impact; and
- Evolve and position Downtown San José as a unique creative and cultural center of Silicon Valley.

In addition, the first goal of San José's Green Vision, adopted in October 2007, calls for creating 25,000 clean technology jobs. This strategy also calls for achieving many goals that will require the invention of new technologies and the adoption of new practices. San José views today's growing environmental crisis as an opportunity to demonstrate how Silicon Valley ingenuity can again solve the biggest challenges facing the world and in doing so create thousands of jobs.

Although the San José economy began to experience job and wage growth in the past year, the City has reason to be cautious. Economic indicators including unstable credit markets, stagnant housing sales, poor retail projections, and a struggling stock market are all cause for concern. In addition, San José must be mindful of growing competition regionally, nationally, and internationally and strive to maintain its competitive advantages over other regions, including access to talent and capital, entrepreneurial expertise, a unique quality of life, and a dense concentration of innovative industries which promote creative synergies among firms. As such, the Office of Economic

Development (OED) will continue to focus its efforts on creating an economic environment that is attractive to entrepreneurs, talent, and companies in "driving industries," who have many choices of communities and countries in which to operate. (Driving Industries serve outside markets, pay above-average wages, and stimulate job growth in business-support and local-serving sectors.)

***Driving a Strong Economy***

Retaining and attracting companies in "driving industries" is a major priority, as is nurturing the growth of new start-ups. The majority of the region's job growth will continue to come from new companies that start-up, grow, and retain their headquarters here even as they expand globally.

As with previous waves of technological innovation, San José is well positioned to become a national leader in emerging industries—clean technology, biotechnology, nanotechnology, and informatics. As the lessons of the past five years show, diversifying San José's economic base into a wide range of technological innovations is critical to ensuring a resilient economy and providing an array of opportunities for residents.

In 2008-2009, San José will continue its commitment to catalyzing innovation through its incubator programs. Ongoing investments in the Software Business Cluster, the U.S. Market Access Center (formerly the International Business Incubator), the Environmental Business Cluster, and the Bio Center will continue to stimulate the growth of hundreds of companies. Recent successes of the Bio Center have advanced the City's goal of developing a bioscience cluster in Edenvale. The San José Redevelopment Agency, in partnership with the Environmental Business Cluster, is continuing to develop the Electronic Transportation Development Center with the goal of making San José an international leader in advanced transportation technology. In addition, San José formed a partnership with the Silicon Valley Leadership Group, NASA-Ames Research Park and several area universities and colleges to make the SolarTech collaboration of solar industry leaders and the proposed Center of Excellence a reality in San José.

*City Service Area*

# Community and Economic Development

## *PERFORMANCE BY OUTCOME*

### *Outcome 1: Strong Economic Base (Cont'd.)*

5 Year Strategic Goals	CSA Performance Measures	2009-2013 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
A. Facilitate Major Corporate Development	1. Jobs generated through City/Agency attraction, expansion and retention					
	- Industrial	41,000	10,100	8,900	10,500	11,000
	- Commercial/Retail	8,700	2,060	1,100	1,500	2,000
	2. Estimated payroll from job generation	\$2.1B	\$400M	\$547M	\$400M	\$450M
	3. % change in number of jobs (Job Growth)	10%	NEW	NEW	2.5%	3%
	4. # of new business applications received (retail vs. non-sales tax)	10,000/ 30,000	NEW	NEW	2,000/7,000	2,500/7,500
B. Stimulate Revenue for City Services	5. # of new businesses	40,000	NEW	NEW	9,000	10,000
	1. % change in economy-based revenue:					
	- Sales tax	13%	NEW	NEW	2.5%	3%
	- Business license fees	15%	NEW	NEW	3.0%	3.5%
	- Transient occupancy tax	41%	NEW	NEW	10.0%	12%
	2. Economic Impact of Convention Center and City-sponsored events (attendee days by type of visitor)					
	- Local/Social	3,663,460	1,050,000	1,300,000	1,100,000	1,100,000
	- Out of Town	533,700	103,600	100,000	105,000	105,000
	- Exhibitors	121,800	22,000	19,700	25,000	25,000
	3. % change in attendance at outdoor events	16%	2%	-13%	-7%	5%
	- # of outdoor special events coordinated	2,000	300	370	360	375
	- # of event attendees	9,750,000	2,250,000	1,900,000	1,760,000	1,850,000
	4. Anticipated increase in tax from businesses receiving assistance in the current period	\$28.0M*	\$5.5M	\$5.8M	\$6.0M	\$6.0M
	5. Actual increase in sales and use taxes from businesses which previously received assistance from the City	\$10M	\$3.7M	\$1.8M	\$4.0M	\$4.0M

*Changes to Performance Measures from 2007-2008 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2007-2008 Adopted Budget:

- ⤵ The following measures were revised to align with the measures in the Community and Economic Development Council Committee Quarterly Performance Report:
  - “Estimated jobs generated through City...” was revised to “Jobs generated through City/Agency...”
  - “Economic impact of Convention Facilities...” was revised to “Economic Impact of Convention Center...”
  - “Number of outdoor special event attendees” was revised to “% change in attendance at outdoor events” and to include two subcategories.
- + The following measures were added to align with the measures in the Community and Economic Development Council Committee Quarterly Performance Report:
  - “% change in number of jobs (Job Growth)”
  - “# of new business applications received (retail vs. non sales tax)”
  - “# of new businesses”
  - “% change in economy-based revenue” and to include three subcategories

# City Service Area

## Community and Economic Development

### PERFORMANCE BY OUTCOME

#### Outcome 1: Strong Economic Base (Cont'd.)

5 Year Strategic Goals	CSA Performance Measures	2009-2013 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
C. Retain Industrial Jobs, Suppliers and Industrial Land Uses	1. Jobs gained/(lost) in areas with "heavy" and "light" Industrial General Plan land designation (acres converted in parenthesis)	5,000 jobs (200 acres)	1,000 jobs (40 acres)	0 jobs (0 acres)	500 jobs (Less than 20 acres)	500 jobs (Less than 20 acres)
	2. Jobs gained/(lost) in areas with "Industrial Park" and "Campus Industrial", and other R&D General Plan land designation (acres converted in parenthesis)	7,000 jobs (200 acres)	1,500 jobs (40 acres)	1,200 jobs (33 acres)	750 jobs (Less than 20 acres)	750 jobs (Less than 20 acres)
	3. Ratio of San José jobs to employed residents*	1.00 jobs/resident	0.93 jobs/resident	0.93 jobs/resident	0.95 jobs/resident	0.95 jobs/resident
D. Facilitate Small Business Expansion	1. Funding made available to small businesses through loans, guarantees and grants	\$29.8M	\$7.7M	\$7.0M	\$8.0M	\$8.0M

*Changes to Performance Measures from 2007-2008 Adopted Budget: No*

\* City estimate only; No Agency estimate

#### Driving a Strong Economy (Cont'd.)

The City also continues to help established companies expand their operations and growing companies relocate to San José. Some examples in the past year include Solopower, a thin film solar panel company which is locating its research and development and production operations to Edenvale; BEA which is moving its corporate headquarters into Downtown; BD Bioscience which is expanding in the International Business Park; and Netgear which is also relocating its headquarters to San José.

The City will continue to encourage the growth of local small businesses in all sectors. To further these efforts, the City will continue to improve the successful Small Business Assistance Center, located on the first floor of City Hall, the Small Business Ambassador Program, the Special Tenant Improvement Program, Industrial Tool Installation Program, and the Small Business Incentive Program. In addition, work2future is developing BusinessOwnerSpace.com, a network of local, State, and federal resources and local partners to increase the quality and range of services available to local small businesses. The City will also continue to promote local business participation in City contracts and service agreements through procurement preferences and

outreach (nearly 50% of agreements in 2006-2007 went to local firms).

The success of San José State University is also a strategic priority for the City. The Dr. Martin Luther King, Jr. Library collaboration demonstrates the power of City-University collaboration to drive economic impact and enhance the livability of Downtown by increasing the connectivity between the University and community. In 2007-2008, the City and University will advance priority areas for collaboration, including joint planning efforts to determine appropriate land uses and opportunities in the South Campus area and the Public Sector Career Initiative.

In 2008-2009, the City also anticipates determining a long-term use for the Airport West property that will provide substantial revenue to the City and accomplish the vision of an additional 3 million square feet of high-end office, hotel, recreational, and retail uses.

### ***Outcome 1: Strong Economic Base (Cont'd.)***

#### ***Update of Land Use Policies***

The City of San José is supporting Silicon Valley's next wave of innovation with updated land use and transportation policies to remain competitive and enable job-generating industries to expand. These policies will drive continued business prosperity and high quality of life for residents by balancing economic goals with housing, transportation, environmental, and open space strategies.

**Vision North San José:** With 5 million square feet of proposed development and more than 10,000 housing units planned, the City's Vision to transform North San José into a twenty-first century employment center—an innovation village with proximity to employment and housing is becoming a reality.

**Downtown Strategy 2000:** The development potential of the Greater Downtown area has been improved by allowing higher density in-fill development, encouraging replacement of underutilized uses, and expanding land-use intensities. These revisions have set the stage for the first high-rise housing developments in the South Bay, further diversifying San José's housing options. Efforts to implement the Downtown Strategy have been enhanced by 1<sup>st</sup> ACT Silicon Valley, which strives to accelerate revitalization of Downtown San José as Silicon Valley's City Center—a thriving cultural, social, and economic hub with a distinctive urban chemistry that integrates art and technology, fuels creativity and entrepreneurship, and leverages its multi-cultural uniqueness. The evolution of Downtown will ensure that San José remains an attractive place to live, work, shop, and play. Particular emphasis will be placed on 'small wonders' that enliven and fill in the streetscape.

**Revised Transportation Impact Policy:** A key pre-requisite for permitting the increased densities of the two plans above is to strengthen San José's transportation policy to build a balanced transportation system, manage congestion, and improve neighborhood livability. The updated policy broadens the options for mitigating traffic congestion in targeted areas such as transit corridors, business districts, specific plan areas, and Greater Downtown. In addition, staff is working closely with Valley

Transportation Authority to bring Bay Area Rapid Transit to San José.

**Employment Lands Framework:** Recent Council adoption of a framework for considering future conversion of employment lands is intended to preserve land critical to future job creation. This framework will benefit all of San José by enhancing the City's fiscal health and the ability of companies to expand in the community. These policies represent best practices in encouraging 'smart growth'—creating vital live-work districts accessible by transit and avoiding development that sprawls unnecessarily into open space. San José has converted more than 1,400 acres of employment land since 1990. These lands had a combined long-term capacity between 68,000 and 110,000 jobs and represented significant ongoing revenue opportunities for the City. Recent growth by companies such as Bay Biodiesel show the potential demand for industrial land by clean technology companies that have the potential to generate substantial jobs and revenues for the City.

**General Plan Update:** Consistent with the adopted Economic Development Strategy and the Council's Community and Economic Development Committee, staff intends to continue to work with stakeholders throughout the Envision San José 2040 General Plan Update process to clarify land use policies and ordinances to facilitate economic development. In addition, San José's Green Vision includes a goal to incorporate measurable standards for sustainable development into the General Plan.

#### ***Convention Facilities***

The Convention and Cultural Facilities (CCF) are managed by Team San José (TSJ) in an innovative approach to customer service. Through a local partnership between hoteliers, labor, the arts community, convention bureau, and Centerplate (TSJ's food and beverage partner), TSJ has a direct impact on the local economy by attracting guests for local hotels, restaurant, arts groups, and other hospitality businesses. TSJ is projected to end the year with over 1.4 million attendees or visitors coming to the convention facilities due to over 400 events.

*City Service Area*  
**Community and Economic Development**  
***PERFORMANCE BY OUTCOME***

***Outcome 1: Strong Economic Base (Cont'd.)***

***New Retail Development***

In its Strategic Objectives, the City has identified eliminating the structural budget deficit and increasing economic vitality as priority goals. As sales tax provides almost 20% of General Fund revenues for the City, expanding retail opportunities will help address both of these goals. In an effort to ensure that San José residents enjoy a wide range of retail opportunities in the future, CED is intensifying its efforts to encourage and accommodate retail interest in San José.

In 2004, research showed that San José was 24% under-retailed, as defined by the amount of retail spending per capita compared to resident income levels. Since 2004, San José has enjoyed significant retail growth with the opening of Santana Row, MarketCenter, the Plant, and the renovation of Eastridge Mall. The impact of these additions, combined with numerous smaller projects, has decreased San José's under-retailed percentage to 18%. While this marks a significant improvement, the limited retail offerings impact the General Fund revenues of the City, as residents drive to other communities to shop and eat.

The challenges facing San José's retail market are only anticipated to intensify over the next thirty years. The Association of Bay Area Governments projects that San José's population will increase by more than 350,000 residents and 240,000 jobs. If the retail opportunities remain constant, the population growth will significantly exacerbate the City's retail shortage and increase the community's under-retailed percentage to over 33%.

Staff will continue to facilitate the expansion of shopping centers and anchor retail in San José. In 2008-2009, staff will also facilitate the expansion of Valley Fair and the opening of 600,000 square feet of retail space at the former GE site to expand the range of retail opportunities offered to residents. Upcoming large-format projects include Whole Foods, Costco, Lowe's, and Home Depot. City staff also continues to advance the Auto Row Strategy.

***Revenue Enhancement***

Despite concerns from a weakening national economy, OED anticipates continuing increases in City revenues from private sector activity. In addition to the growth

in sales tax, staff sees the opportunity to grow use tax revenues. It is common that use tax dollars (sales tax charged to California companies which purchase out of State goods) are not appropriately allocated to San José and instead are allocated to county-wide or State-wide pools for pro-rata distribution. Thus, San José receives less than its full 1% share of sales/use tax.

Later in 2008, staff will bring forward to City Council for consideration a business-cooperation program to assist the City in partnering with companies to capture use tax transactions associated with their recent capital investments, as appropriate. The City is currently partnering with Hensel Phelps to ensure that tax revenues are allocated appropriately. The success of this program will require significant staff commitment, extensive technical expertise, and long-term relationships with the local business community.

***Workforce Development***

A strong and prepared workforce qualified for jobs that pay enough to support living in the area is of vital importance. The City's work2future provides services for residents and local businesses to develop a skilled, self-sufficient workforce. These federally funded efforts are accomplished through public and private partner organizations that form work2future. Number of client visits to the work2future program One-Stop Service Delivery Centers in southern Santa Clara County increased from 2006-2007 to 2007-2008. An estimated 150 new additional business relationships were forged to provide recruitment assistance and an estimated 110,000 client visits were accommodated in 2006-2007 at the three Silicon Valley Workforce Investment Network One-Stops. Clients are provided with access to a resource library, training rooms, and counselors for those needing additional assistance. Businesses are also encouraged to conduct seminars and recruitment activities at the One-Stops. Work2future continues to expand the number of clients served and the breadth of services offered by concentrating on five strategic industry sectors: retail, hospitality/tourism, healthcare, software, and bioscience.

Despite the success of work2future in meeting all 15 US Department of Labor identified outcome targets, ongoing budget reductions at the federal level continue to threaten the ability of the program to provide a wide



*City Service Area*

## Community and Economic Development

### *PERFORMANCE BY OUTCOME*

#### *Outcome 1: Strong Economic Base (Cont'd.)*

##### *Workforce Development (Cont'd.)*

range of quality services. In 2006-2007, work2future survived a 25% budget reduction by utilizing budget savings/surplus from the previous year. An anticipated additional reduction in 2008 will require further

reductions in staffing levels and service provision. Work2future will pursue alternative funding sources (public grants and private donations) should additional reductions materialize. If reductions do occur greater than anticipated, staff will return to Council during the fall to again right size the program.

5 Year Strategic Goals	CSA Performance Measures	2009-2013 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
E. Be Active Partner in Developing a Skilled Workforce	1. Estimated % of Workforce Investment Act (WIA) clients employed six months after initial placement					
	- Adults	Goals set annually by State of CA	80%	82%	Goals set annually by State of CA	Goals set annually by State of CA
	- Dislocated Workers		85%	86%		
	- Youth		80%	84%		
	2. Number of Business Clients Served by work2future Program	1,125	225	220	225	225
	3. Percent of Clients Placed in Jobs					
	- Adults	Goals set annually by State of CA	76%	76%	Goals set annually by State of CA	Goals set annually by State of CA
	- Dislocated Workers		80%	78%		
	- Youth		75%	78%		

*Changes to Performance Measures from 2007-2008 Adopted Budget: No*

***Outcome 2: Safe, Healthy, Attractive, and Vibrant Community***

***Long Range Planning***

In addition to the land use policy updates described in Outcome 1, below are additional efforts that support both economic development and community quality of life.

**Strong Neighborhoods Initiative:** In 2002-2003, City Council accepted 19 Strong Neighborhoods Initiative (SNI) Neighborhood Improvement Plans, each identifying the priority improvements for the respective plan areas. The plans, created by each community, are now being used as implementation tools to program delivery of services such as alleviation of blight, vehicle abatement, and neighborhood clean-ups as well as to identify capital improvement projects such as park improvements and traffic calming projects. Though some “Top-Ten” items requiring financial resources are unavoidably delayed in the short term, the SNI effort continues by leveraging the important relationships between staff and the Neighborhood Action Coalitions (NACs) that were developed during the planning process. In this CSA, these efforts include initiating planning actions to facilitate reinvestment in the neighborhoods. In 2008-2009, work will be focused on conducting Planning studies to renew action agendas, adopt new ‘Top-Ten’ priority projects in all adopted SNI Neighborhoods, and assist with the preparation of SNI Neighborhood Improvement Plan Amendments in all SNI Neighborhoods. Additionally, planning studies, analyses, and public outreach to facilitate development of Neighborhood Improvement Plans for three new SNI Pilot Areas have begun.

**General Plan Update:** The current San José 2020 General Plan was adopted in 1994. In June, 2007, the City Council initiated the Envision San José 2040 General Plan Update. This comprehensive update of the General Plan is engaging the community in preparing a vision to direct future growth while preserving the quality of life in the City’s neighborhoods. The new plan will assist policy makers and development interests in shaping a positive future for the community. During 2007-2008, staff work included conducting research and preparing background information, initiating the Community

Task Force process with the 37-member Task Force appointed by the City Council, hosting a Community Visioning Workshop attended by 250 community members, and conducting the procurement process to select professional consultants to conduct Demographic, Economic and Fiscal Analysis, Transportation Analysis and to prepare the Environmental Impact Report. Staff is preparing and presenting various background reports to the Task Force for their use in developing alternatives for land use and delivery of services and facilities. Work to be performed in 2008-2009 includes completing the Alternatives Analysis and selecting a preferred alternative, preparing the Environmental Impact Report, and reviewing and updating the entire set of General Plan goals and policies.



*City Service Area*

## Community and Economic Development

### *PERFORMANCE BY OUTCOME*

#### *Outcome 2: Safe, Healthy, Attractive, and Vibrant Community (Cont'd.)*

5 Year Strategic Goals	CSA Performance Measures	2009-2013 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
A. Revitalize and Rehabilitate Uses, Sites and Structures in Neighborhoods, Commercial and Industrial Areas	1. # of facades, streetscapes, and development projects completed					
	a. Streetscapes	15	6	6	3	6
	b. Facades	100	34	34	30	60
	c. Development Agreement to Board	20	4	6	5	10
	d. Development Sites Marketed	50	9	11	9	18
B. Quality Living and Working Environment	1. % of residents surveyed who rate the quality of architecture and landscaping design/ maintenance in new development in their neighborhood as good or better	70%	70%	TBD*	70%	70%
C. Increase the Number of Housing Units Developed in Greater Downtown Area	1. % of target for housing unit production completed in the Greater Downtown Area	100 (3,000)	100% (835 units)	687	514	30
	- For Sale	2,400 (80%)	835 (100%)	687 (100%)	478 (93%)	30 (100%)
	- Rental	600 (20%)	0 (18%)	0	36 (7%)	0
D. Increase the City's Housing Unit Capacity	1. # of dwelling units added to the General Plan holding capacity annually	10,000	2,000	515 to 1,533**	2,000	4,000
	2. San José housing production compared to regional fair share number target (in parenthesis)	14,500 units (18,750)	3,000 units (3,730)	1,750 units (3,730)	2,500 units (3,730)	3,000 units (3,730)
	3. % of units receiving development permit approval compared to target (actuals in parenthesis)	100% (13,000 units)	100% (3,000 units)	132% (3,961 units)	100% (3,000 units)	100% (3,000 units)
	4. % of affordable housing projects receiving building permits within 6 months of plan check submittal***	65%	65%	50% (1 of 2)	65%	65%

*Changes to Performance Measures from 2007-2008 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2007-2008 Adopted Budget:

✗ “% of affordable housing projects ready to be issued building permits within 6 months of plan check submittal” was eliminated as data was not meaningful. Process can take up to a year after staff work is complete before any building permits are issued.

\* Surveys will be conducted in May and June 2008

\*\* Range of units being considered for approval in May 2008

\*\*\* Measure wording changed to reflect performance on established cycle time targets.

***Outcome 2: Safe, Healthy, Attractive, and Vibrant Community (Cont'd.)***

***Timely and Predictable Development***

***Process***

The City's Development Service Partners (Partners) – Planning, Building, Public Works, and Fire – are striving toward providing best in class development services that help increase the City's economic vitality by focusing on three essential strategies: developing and reporting integrated performance measures; managing data-driven and customer-focused operations; and achieving long-term sustainability.

The Partners have made tremendous strides in the last year developing reliable, accurate, and integrated performance data to better measure customer satisfaction and improvements made to the permitting process. To that end, they took on three major performance data initiatives in 2007-2008 – implementing an annual scientific survey; consolidating multiple “take one” surveys; and coordinating and improving tracking methodologies for operational data around quality, cycle time, and cost.

**Developing and Reporting Integrated Performance Measures:** In early 2007, the results of the first ever scientific survey of 1,000 development customers established a valuable and critical data baseline for all four Partners and each key phase in the development process. The Partners now have data from the second survey that clearly shows improved performance in dozens of key areas during the past year. Perhaps most importantly, of the 34 specific service dimensions where customers noted a statistically significant difference in the Partners' performance in the past year, 31 of the changes were in the positive direction.

The 2007 survey results also indicate that more than three-quarters of ministerial customers (79%) and over two-thirds of discretionary customers (68%) were somewhat or very satisfied. Of particular interest was that the level of satisfaction increased significantly among both ministerial and discretionary customers. Whereas 39% of ministerial and 27% of discretionary customers indicated that they were very satisfied with the service they received on their most recent project in the first survey, the corresponding values in the second survey were 45% and 37%, respectively.

While the annual survey is a new and invaluable quantitative source of data, the Partners also rely upon

“take one” surveys. These informal comment cards give customers an opportunity to provide immediate feedback to the organization, and the Partners the ability to monitor a daily pulse of customer satisfaction.

The third data-related initiative is the ongoing process of integrating and refining operational measures and improving their collection methodologies. As the Partners make the organizational and process changes necessary to better integrate services, they are also reviewing their data and improving the way it is collected, managed and reported.

**Managing Data-driven and Customer-focused Operations:** As stated above, the Partners are establishing a reliable foundation of data from which to base and track operational and process improvements. In addition, the Partners maintained frequent contact with the development community to reach agreement on process improvement priorities. The results of the annual scientific survey provide a framework for activities and process improvements in the areas of communication, consistency, timeliness, staff professionalism, and customer satisfaction.

*Communication* – The Partners are focusing on activities that result in more frequent and precise communication with customers and other staff about project requirements and status updates. In the coming fiscal year, the Partners will focus efforts on expanding online project tracking functionality to give customers improved project status information. In addition, the Development website and outreach materials are being redesigned to tailor information specific to customer needs (e.g. residential remodels, opening a restaurant). Accomplishments this year include:

- Contacting Planning applicants within three days of receiving application and setting up a meeting within 14 days (on certain project types) to discuss the project;
- Meeting quarterly with the Silicon Valley/San José Chamber of Commerce Development Review Committee (Chamber);
- Hosting over a dozen Construction and Developer Roundtable meetings in 2007; and
- Establishing a Neighborhood Roundtable to create a forum for community input on development-related topics.

*City Service Area*

## Community and Economic Development

### *PERFORMANCE BY OUTCOME*

#### *Outcome 2: Safe, Healthy, Attractive, and Vibrant Community (Cont'd.)*

5 Year Strategic Goals	CSA Performance Measures	2009-2013 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
E. Provide Seamless and Effective Development Review Including Implementation of Environmental Regulations, in a Customer Friendly Fashion	1. % of projects that receive thorough, complete, consistent review in the first cycle of staff review					
	- Entitlement Process	75%	65%	59%	65%	65%
	- Construction Process	80%	80%	87%	80%	80%
	2. Ratio of current year fee revenue to fee program cost	100%	95%	89%	99%	100%
	3. Development projects completed within processing time targets:					
	- Entitlement Process	85%	85%	80%	85%	85%
	- Construction Process					
	- Plan Check	85%	85%	78%	85%	85%
	- Inspections in 24 hours	80%	90%	84%	80%	80%
	- Inspections in 48 hours	100%	NEW	98%	100%	100%
	4. % of development services walk-in customers served in less than 30 minutes (wait time)	95%	95%	94%	95%	95%
	5. % of customers surveyed rating service as good or better					
	- Discretionary	77%	NEW	68%	70%	72%
	- Ministerial	88%	NEW	79%	81%	83%
	6. % of customers surveyed who indicate the City has improved customer service in the past 12 months					
	- Discretionary	75%	NEW	68%	70%	72%
	- Ministerial	85%	NEW	79%	80%	82%

*Changes to Performance Measures from 2007-2008 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2007-2008 Adopted Budget:

- + The Construction Process Inspections within 48 hours was revised to more accurately reflect performance while helping to reduce overtime costs.
- + The two customer survey measures were revised to align them to data from the scientific customer satisfaction survey. Ministerial projects are administrative in nature and do not require a public hearing (e.g. electrical panel upgrade). Discretionary projects require a public hearing (e.g. conditional use permit, zoning change).

#### ***Timely and Predictable Development Process (Cont'd.)***

*Consistency/Accountability* – The Partners are focusing on activities that improve the overall quality of their work by improving procedures and measures related to consistency (e.g., comments consistent between steps in the process). Accomplishments this year include:

- Assigning a field coordinator to every construction project to resolve consistency issues that may arise between inspectors during construction; and
- Creating a Principal Permit Specialist classification to provide the senior level expertise needed to aid customers and permit specialists at application intake.

*Timeliness* – The Partners are focusing on activities that avoid processing delays by clarifying and simplifying the process and setting and meeting expectations for reasonable timelines. The Partners are finding ways to bring more certainty to the determination of historic resources, implementing changes to the Public Works service delivery model to achieve efficiencies and maintain customer service, and developing a tracking system to better track the time a project spends with the City versus the customer. Accomplishments this year include:

- Assigning a Planner to move small residential projects through the process faster, resulting in an average of 6.5 weeks as opposed to 8-24 weeks of processing time; and
- Having Planners take “live” calls from customers, resulting in immediate or same day responses.

# City Service Area

## Community and Economic Development

### PERFORMANCE BY OUTCOME

#### Outcome 2: Safe, Healthy, Attractive, and Vibrant Community (Cont'd.)

##### Timely and Predictable Development Process (Cont'd.)

*Staff Professionalism* – The Partners are focusing on activities that build on their existing strong staff foundation to attract, retain, and develop the best employees. PBCE will continue staff training on the recently adopted building standards and will work on establishing internal Green Building expertise. Additionally, Project Management training will be provided for Planning Project Managers.

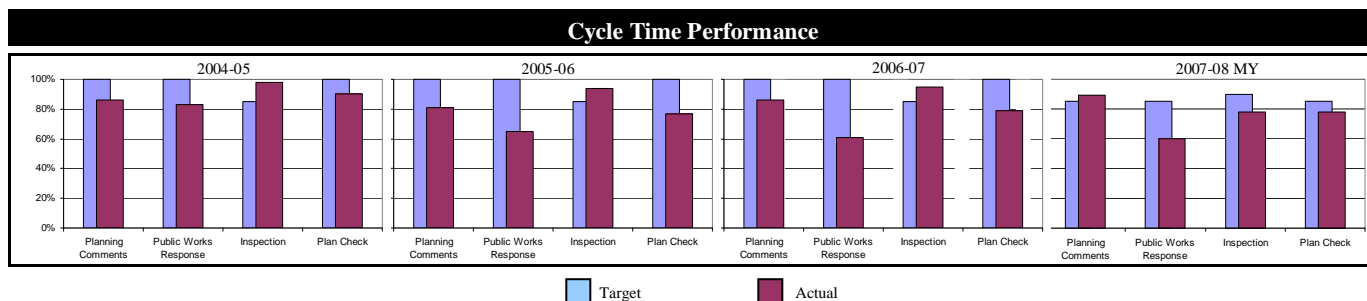
Accomplishments this year include:

- Receiving the local and state chapter awards for large jurisdiction planning for Vision North San José from the American Planning Association (APA); and

- Hosting almost 1,800 planners for the 2007 California APA Conference in San José, setting records for attendance and showcasing the City.

*Customer Satisfaction* – The Partners continue to look for ways to streamline and realign the organization and its services around customers' needs to improve service delivery and customer satisfaction. Accomplishments this year include:

- Hosting two very well-received free weekend seminars attended by 450 customers to review new building code changes effective January 1, 2008; and
- Scheduling special hearing dates to keep projects moving through the process.



**Achieving Long-Term Sustainability:** A great deal of effort is underway toward achieving long-term sustainability for both the Partners and the City.

*Economic development* – The development process directly affects economic development and the Partners have focused on establishing commercial programs that aid tenant improvements, small businesses, and machinery installations. They will continue to explore tailoring services to assist other customer segments (e.g., homeowners) as well as work on updating the zoning and sign codes to facilitate the development process and provide greater flexibility for businesses.

*Environmental sustainability* – As they are currently, the Partners will continue supporting “green” project applications with staff who have expertise in this field. In addition, work will proceed to support the achievement of the City’s Green Vision, particularly

related to the General Plan Update and building or retrofitting 50 million square feet of green buildings.

*Fiscal stability* – Of all the activities related to the three strategies described in this section, possibly none is more important than the work supporting the fiscal health and stability of the development service Partners. Each Partner continues to face both internally- and externally-driven challenges to meeting the goal of operating a cost-recovery fee program. Slow downs in development activity within the City and imbalances in internal fee structures, particularly for Public Works, are contributing to declining revenues. In addition, the Partners are experiencing a rise in expenses due primarily to the increases in health and benefits costs for employees. This is particularly relevant since 80% of the Partners’ collective expenses are personnel costs.

*City Service Area*

## Community and Economic Development

### *PERFORMANCE BY OUTCOME*

#### *Outcome 2: Safe, Healthy, Attractive, and Vibrant Community (Cont'd.)*

5 Year Strategic Goals	CSA Performance Measures	2008-2012 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
F. Community and Economic Development CSA delivers quality CIP projects on-time and on-budget	1. % of CIP projects delivered within or up to 2 months after approved baseline schedule	85%	85%	88% (7/8)	85%	85%
	2. % of projects completed within approved baseline budget	90%	90%	100% (1/1)	90%	90%
	3. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after first year of use	80%	80%	*	80%	80%
	4. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)	85%	85%	**	85%	85%

*Changes to Performance Measures from 2007-2008 Adopted Budget: No*

\* O&M Surveys are being conducted for a representative sample of projects that reached beneficial use in 2006-2007. Results from these surveys are pending.

\*\* Customer Satisfaction Surveys are being conducted for a representative sample of projects that reached beneficial use in 2007-2008. Results from these surveys are pending.

#### *Timely and Predictable Development Process (Cont'd.)*

Despite these challenges, the Partners are committed to finding solutions that balance appropriate staffing and fee levels with providing quality service and excellent performance data. To that end, this budget includes a combination of significant staff reductions, judicious use of reserves, and fee increases and reinstatements. For the Building program, the budget includes the use of \$1.6 million in Fee Reserves, the elimination of fourteen (14) positions and a reduction of \$200,000 in non-personal funding, combined with a 10% fee increase, adjustments to the commercial/industrial fees, and reinstatement of the Temporary Certificate of Occupancy and Time Extension Permit fees. The Planning Program includes a 7% fee increase to maintain service levels, build a reserve balance to cover its works in progress liability, and reach cost recovery. Similarly, the Fire Prevention program includes a 4% fee increase to ensure that revenues align with expenses, increased staff resources to align with service demand, and use of \$368,000 from the Fire Fee Reserve to support one-time actions. Finally, the Public Works development program includes a reduction of thirteen (13) positions, as well as a 10% fee increase to balance projected revenues and

expenditures. The fee increase includes the first phase of a fee restructuring effort which was discussed during the development of the 2007-2008 Budget. The staff reduction will cause a drop in cycle time performance from meeting targets 62% of the time to 53%. Public Works intends to mitigate these performance impacts, however by eliminating lower priority services and focusing on the highest priority permit processes. In addition, Public Works plans to work with the development community to reset cycle time targets to more accurately reflect current development schedules, reduced staffing levels, and process efficiencies.

As has been the practice in the past, the Partners will continue to meet regularly with the development community to share performance data and fee impacts and continue the dialogue about process improvements.

Development Services staff has spent considerable time discussing with customers how to address permit processing challenges and has identified improvement and streamlining actions. The Development Service Partners will continue making investments to: 1) improve customer experience; 2) bring certainty to the development process; and 3) focus service delivery to meet the needs of specific customer groups.

***Outcome 2: Safe, Healthy, Attractive, and Vibrant Community (Cont'd.)***

***Capital Improvement Projects***

Performance in the Capital Improvement Program (CIP) area is estimated to exceed target levels. For the on-schedule measurement, it is estimated that seven Public Art projects funded by the CIP will be

completed within two months of the approved baseline schedule. A listing of the completed Public Art projects can be found in the semi-annual CIP/SNI Status Report. For the on-budget measurement, one CIP project is estimated to be completed within the approved baseline budget.



### ***Outcome 3: Diverse Range of Housing Options***

#### ***Diverse Range of Housing Opportunities***

San José continues to be a leader in affordable housing production in the State and region. The City is committed to producing affordable housing for families of all income levels. Since 1988, San José has overseen the creation of over 17,000 units of affordable housing with over 12,000 units produced in the last eight years alone. When comparing the affordable housing production in California's ten largest cities, San José has produced nearly 30% of all the units built in these cities while making up 10% of the combined population.

During 2008-2009, the City will complete a revised General Plan Housing Element to incorporate the new Regional Housing Need Allocation (RHNA) assigned by the Association of Bay Area Governments (ABAG). Every seven years, ABAG and the State of California set new target numbers for market rate and affordable housing production for each region and jurisdiction in the State. These numbers are based on an in-depth analysis of the housing needs throughout the region. In the last cycle (1999-2006), San José exceeded its goal for all housing (market and affordable), producing 110% of the overall housing needs numbers.

In 2008-2009, the Housing Department expects to utilize up to \$90 million to finance the construction of new affordable housing units. The Housing Department plans to ramp up its efforts to finance affordable housing production, following multiple years of modest investment due to restricted funding.

#### ***Increasing Homeownership Opportunities***

The City will continue to provide home loans of up to \$65,000 through the Teacher Homebuyer Program (THP), which serves teachers in San José schools. In 2008-2009, the Housing Department will fund the program with \$3 million, (approximately 46 loans). In addition, in 2006-2007, the City launched a pilot program with San José State University to provide homebuyer loans to tenure-track teachers to purchase their first homes. This program has now been expanded to include other educational professionals at the University. Due to increased demand for this

program, an additional investment of \$1.2 million is expected to be made in 2008-2009, one-half of which is funded from 20% Redevelopment Tax Increment Revenue and one-half from the University.

#### ***Housing Program Funding Sources***

For 2008-2009, the Housing Department will manage funding of approximately \$199 million from a variety of sources to support services and programs. A portion of these funds is used to administer housing programs and pay debt service. The large majority of these funds, however, are spent on direct program expenses. The chart below lists all funding sources for 2008-2009.

#### ***Targeted Funding***

The City Council has established funding goals by income level, targeting most of the funds for those households with the least ability to pay for housing. City Council policy that a minimum of 30% of funding is to be targeted to housing for extremely low-income households, 30% for very low-income households, 25% for low-income households, and a maximum of 15% for moderate-income households. In addition, in 2007, the City Council approved the Five-Year Housing Investment Plan, which memorialized these funding goals as City Council policy.

#### ***Proactively Identifying Funding Sources***

Over the last four years, the Housing Department and its partners have aggressively pursued funds made available under State Proposition 46 (2002) and Proposition 1C (2006). To date, \$45 million in Proposition 46 and 1C funds have been awarded to San José and San José projects. It is anticipated that our developer partners will seek over \$34 million from various State funding sources for housing construction and infrastructure projects.

*City Service Area*  
**Community and Economic Development**  
***PERFORMANCE BY OUTCOME***

***Outcome 3: Diverse Range of Housing Options (Cont'd.)***

5 Year Strategic Goals	CSA Performance Measures	2008-2012 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
A. Increase the Supply of Affordable Housing	1. % of annual target achieved for production toward affordable housing	NEW	100% (607)	125% (750)	100% (550)	100% (550)
B. Disperse Affordable Housing Throughout the City (Dispersion Policy)	1. Five year cumulative % of City funded lower income housing located outside of impacted neighborhoods (neighborhoods with a high concentration of low incomes)	85%	85%	66%	85%	85%
C. Direct Significant Affordable Housing Resources to Lower-Income Households	1. % Housing Department funds reserved by income levels over 5 years: - Very Low (<=50% of median) - Extremely Low (<=30% of median) - Very Low (31-50% of median) - Low (51-80% of median) - Moderate (81-120% of median)	60% 30% 30% 25% 15%	60% 30% 30% 25% 15%	87% 54% 33% 8% 5%	60% 30% 30% 25% 15%	60% 30% 30% 25% 15%

<b>2008-2009 Housing Program Funds</b>	
2,118,988	CalHome
443,313	Emergency Shelter Grant
8,218,971	HOME Investment Partnership Program Fund
739,000	Housing Opportunities for People with AIDS (HOPWA)
408,833	HOPWA Special Projects
5,880,000	Proposition 1C BEGIN
469,738	Rental Rights and Referrals Program
800,000	Revolving Loan Fund, Teacher Housing Program
11,541,878	Community Development Block Grant Program (CDBG)
39,872,939	20% Redevelopment Tax Increment
32,000,000	In-Lieu Fee Revenue
10,956,133	Project Loan Repayments, Interest Income, & Misc. Revenue
600,000	San Jose State University
<u>85,000,000</u>	Bond Sale Proceeds
<b>199,049,793</b>	<b>Total Program Funding Sources</b>



*City Service Area*

## Community and Economic Development

### *PERFORMANCE BY OUTCOME*

#### *Outcome 3: Diverse Range of Housing Options (Cont'd.)*

5 Year Strategic Goals	CSA Performance Measures	2008-2012 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
D. Reduce Homelessness	1. Cumulative % of homeless households assisted in securing permanent housing over a 10-year period, 2004-2013 (based on 2004 census)	61%	10%	71% <sup>1</sup>	78%	83%
E. Provide Housing Assistance to Teachers	1. % target achieved for Teacher Homebuyer Program	100% 222	100% 62	61% 38	100% 46	100% 46

*Changes to Performance Measures from 2007-2008 Adopted Budget: No*

<sup>1</sup> In 2007-2008 the methodology for reporting this data changed. The goal of eliminating 10% of the homeless problem each year remains; however, it is now reflected as 100% each year to clarify the cumulative goal.

#### ***Creative Solutions***

Implementing creative solutions to the housing crisis continues to be a priority for the City.

**Eliminating Homelessness** – The City is working in partnership with other government and private organizations to implement an aggressive plan to end chronic homelessness in 10 years. In December 2007, Destination: Home (previously titled the “Blue Ribbon Commission on Ending Homelessness and Solving the Affordable Housing Crisis) co-chaired by County Board of Supervisor Don Gage and San José Mayor Chuck Reed, approved a set of recommendations to help end homelessness and provide sufficient affordable housing. Action items related to this effort include holding Project Homeless Connect Days to deliver direct services, securing and distributing Section 8 vouchers to chronically homeless persons, and continuing efforts with local, State and national partners to improve service delivery systems for the homeless. In 2008-2009, the City will work to develop a “one-stop center” where a variety of homeless service providers are co-located in order to allow the County’s homeless and at-risk population to efficiently and effectively obtain the services they need to prevent or end their life on the street. The City is also working with its government and community- based partners to create a new governance structure for homeless services. This new model will eliminate the currently disjointed system of strategies and programs, and replace it with a structure that coordinates the implementation of programs and services, and braids funding to support priority programs and projects. In order to ensure that newly housed homeless persons remain permanently housed and gain control over their lives, it is vital that they each have a case manager to

work through the issues that caused them to become homeless and foster their growth towards self-sufficiency. Towards this goal the City is developing mechanisms to link case management services to affordable housing opportunities for homeless households such as Section 8 vouchers and City subsidized affordable units.

**Policy Initiatives** – In 2008-2009, the City will continue to focus on non-monetary activities which promote affordable housing. These include identifying new sites for housing development, implementing actions in a new Five-Year Housing Investment Plan, studying the feasibility of a city-wide inclusionary policy, lobbying for more Section 8 funding and a National Housing Trust Fund, and protecting Community Development Block Grant (CDBG) funding. In addition, the City continues to support the Rent Control programs, and promote fair and equitable lending.

*City Service Area*  
**Community and Economic Development**  
***PERFORMANCE BY OUTCOME***

***Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks***

***Arts and Cultural Development***

In the arts sector generally, although total audience and participant tallies reported by the City's arts grantees fell slightly overall, all but a small handful of grantees reported break even or better years financially. The City's major arts granting programs had a third improved year after hitting their lowest level in more than six years in 2004-2005.

The city-wide arts exposure program for schoolchildren, Arts Express, again served an increased number, and the Neighborhood Arts Pilot at Hoover Community Center continued to offer arts classes there.

Two of the City's largest arts providers, American Musical Theatre of San José (AMTSJ) and San José Repertory Theatre (SJRT) continued the struggle to restore and, with help in the form of creatively structured and rigorously managed lines of credit from the City and, in the case of SJRT, substantial financial support from key foundations to facilitate a comprehensive reorganization, both appeared to be making measured progress in their individual recovery efforts. The City commissioned two independent studies regarding Mexican Heritage Plaza and the struggling Mexican Heritage Corporation (MHC), which operates the Plaza, as crucial steps towards resolving the future of the Plaza.

On the other hand, WORKS/San José, the small but unique and long-lived artist-centered exhibition and performance center, struggled to sustain its operation in its new quarters in the South of First Area (SoFA) district. After enjoying many years of sharply below market rents, the organization faced substantial difficulty meeting the challenge of occupancy costs that were several times higher, despite the assistance from the San José Redevelopment Agency.

The Office of Cultural Affairs (OCA) also terminated the Emerging Arts Showcase joint venture with Arts Council Silicon Valley, following an assessment that revealed that successful pursuit of the goals of the venture would require far more financial and staff resources than either OCA or the Arts Council could afford to commit.

The City's cultural plan, the *20/21 Regional Cultural Plan*, expired in 2007. In 2007-2008, OCA continued a series of efforts that serve as foundational steps towards the development of an overall cultural development strategy to succeed *20/21*. Following completion of a new Public Art Master Plan that was submitted to and approved by the City Council in early 2007, and a comprehensive assessment of its existing arts education programs, OCA launched the development of new arts education strategies in conjunction with the development of a County-wide arts education master plan by the County's Office of Education. It also entered into a partnership with a statewide organization focused on business development for individual artists to develop strategies for making San José a fully supportive community for creative entrepreneurs. In addition, OCA continues its participation in cultural facility planning for MACLA, San José Stage Company, and Japantown.

***Public Art***

During 2008-2009, the Public Art Program will continue implementation of the Public Art Master Plan, including Focus Plans for Downtown and North San José. Downtown projects will address the concept of Big Deals and Small Wonders, promoted by 1<sup>st</sup> ACT and embraced by the City of San José and the San José Redevelopment Agency (SJRA). A major Downtown public art initiative will be a Climate Clock, a landmark artwork using information and measurement technologies to gather and display climate change data. This project is a partnership between the Public Art Program, CADRE at San José State University, SJRA, Montalvo Art Center, and 1<sup>st</sup> ACT.

In North San José, the Public Art Program will begin implementation of the Focus Plan by working in partnership with SJRA and developers who have expressed interest in voluntary participation in public art projects.

As recommended in the Public Art Master Plan, the Public Art Program has continued to support community projects, integrating public artworks into the Parks, Library, and Public Safety Bond projects as described in Council-approved public art plans for these bonds. As a result, San José's public art collection has grown in quality and visual diversity. In addition, work has begun on developing public art on

***Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks***  
***(Cont'd.)***

***Public Art (Cont'd.)***

San José's trail system, which creates connections between neighborhoods.

The Public Art Program has maintained its emphasis on community involvement and has increased its efforts to recruit and train local and regional artists. To that end, the program is developing, recruiting, and training a roster of artists who can work with local materials fabricators to develop applied art to enhance streetscapes, trails, turnkey parks, and affordable housing. The program has also joined with public art programs in Oakland and San Francisco to offer intensive training for local artists. The Public Art Program has been building its art and technology focus with the development of the arts activation plan for the Norman Y. Mineta San José International Airport. Two permanently sited projects will begin fabrication and the first series of changing artworks will be commissioned. In addition, the Public Art Program has built its collaborations with SJRA, ensuring that public art is included at the earliest opportunity in all eligible private and agency-assisted development projects.

Based upon recommendations in the Public Art Master Plan and the strategic plan for artwork conservation; in 2008-2009 the Public Art Program will build partnerships with other City departments to assume responsibility for carrying out public art maintenance and conservation.

***Outdoor Special Events***

The Special Events Program oversees all outdoor special event planning. It coordinates the delivery of services from multiple City departments to support events; permits and authorizes events on public and private property throughout the City; develops policies, regulations, and ordinances related to special events; and participates in planning new or improved outdoor event venues.

In 2007-2008, the Special Events Program continued a significant shift due to the City's new role as an "active investor" through Council-approved agreements including the 2007 Rock 'n' Roll Marathon which was

the second year this event was added to the existing roster of "signature" outdoor events and the 2008 Amgen Tour of California. A cross-departmental City team worked seamlessly to implement these exciting events, serving over 200,000 attendees and creating new sources of economic impact for the City. During the fall of 2007, the Special Events Program developed the contractual agreement with Cirque du Soliel. Cirque du Soliel brought the performance of *Kooza* to San José from January through March 2008. The Special Events staff managed the administration of this contract and the coordination of City Services for this event, including community outreach. In February 2008, the Special Events Program produced the second Webcor, San José King-of-the-Mountain Ride, a City kick-off event to celebrate the return of the Amgen Tour. The City will host the Lance Armstrong Livestrong Challenge in July 2008 and was named a host city for the 2009 Amgen Tour of California. Returning signature events for 2008 include – the ZeroOne San José Festival and the Rock 'n' Roll Half Marathon. Planning is underway for an inaugural City-produced signature event – the San José Cycling Classic. This event which was originally scheduled for May 2007 has been re-scheduled to February 2009 to allow for additional sponsorship development and support.

While major events help position San José as a creative urban center and drive the economy, smaller events can unite communities, celebrate heritage and contribute to the vibrancy of small business districts. To that end, this Program continues to assist community groups throughout the City to plan unique events.

The number of special events has trended upward over the last 15+ years, with some deviations due to the economic downturn. Staff resources have been used more efficiently each year, and program policies and practices have been streamlined to the extent possible while still ensuring public health and safety at events. The Special Events Program supported recruitment of new events and sponsorship development, while providing continued quality service to existing events. The program manager will continue to focus on improvements in the City's event policies and processes.

*City Service Area*  
**Community and Economic Development**  
***PERFORMANCE BY OUTCOME***

***Outcome 4: Range of Quality Events, Cultural Offerings, and Public Artworks***  
*(Cont'd.)*

***Outdoor Special Events (Cont'd.)***

In 2006-2007, the Special Events staff assumed the lead role in administering the Destination Event Marketing Fund (\$200,000), a competitive grant program which assists proven San José special events expand their success through enhanced marketing. Three local events – San José Jazz Festival, Mariachi Festival, and Cinequest Film Festival – were successful in attaining grants. Although the fruits of those efforts may be realized over several years, it is anticipated that this additional City marketing support coupled with recruitment of new signature events will increase the

community's awareness of, and satisfaction with, the number and variety of outdoor special events.

OCA also administers the Festival, Parade and Celebration Grant Program, an annual competitive program to support events that contribute to the economic enhancement, cultural enrichment, and promotion of the City of San José. The “multi-year rating” opportunity continues to be a popular, streamlined method for grant application: previous grantees that had received a high (85 points or above) rating in the previous year could elect to file a simple declaration to use the previous rating, rather than going through the entire application process.

5 Year Strategic Goals	CSA Performance Measures	2009-2013 5-yr Goal	2007-2008 1-yr Target	2007-2008 Estimate	2008-2009 1-yr Target	2009-2010 2-yr Target
A. Provide a diverse range of arts and cultural offerings for residents and visitors	1. % of residents rating the availability of a diverse range of arts and cultural activities in the City as good or excellent	55%	43%	47%	50%	50%
	2. % of residents rating the City's efforts at supporting a diverse range of arts and cultural activities in the City as good or excellent	65%	54%	47%	50%	50%
B. Enhance San José's public spaces through public art and design amenities	1. % of public art works completed and installed on schedule	90%	90%	90%	90%	90%
	2. % of residents rating City efforts at enhancing public spaces with public art as good or better					
	Point of Service Survey Community-Wide Survey	90% 50%	85% 44%	85% 46%	87% 50%	89% 50%
C. Encourage a full range of outdoor special events that serve diverse communities and visitors	1. % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	55%	48%	46%	50%	50%

*Changes to Performance Measures from 2007-2008 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2007-2008 Adopted Budget:

↳ The following measures were revised to align with the measures in the Community and Economic Development Council Committee Quarterly Performance Report:

“...rating the availability and variety of arts and cultural...” was revised to “...rating the availability of a diverse range of arts and cultural...”  
“...outdoor special events as good or better” was revised to “...outdoor special events as good or excellent”

*City Service Area*

## Community and Economic Development

### ***ADOPTED INVESTMENT CHANGES***

<b>Adotped Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
<i>Outcome: STRONG ECONOMIC BASE</i>			
<i>Business/Job Attraction, Retention, Expansion and Creation</i>			
<i>(Office of Economic Development)</i>			
• Revolving Loan Fund and Enterprise Zone Staffing Transfer to Redevelopment Agency	(2.65)	(376,060)	(143,209)
• Chambers of Commerce		(19,000)	(19,000)
• Non-Profit Oversight Management Staffing*	1.00	217,985	217,985
• Industrial Development and Retail Strategy Development*	1.00	118,430	118,430
• City Manager's Downtown Coordinator Staffing*	1.00	108,563	108,563
<i>Convention Facilities (Convention Facilities)</i>			
• Convention Center Staffing Realignment		33,563	0
<i>Workforce Development (Office of Economic Development)</i>			
• Work2Future Program Staffing Realignment	(2.00)	(119,534)	0
<i>Strategic Support (Office of Economic Development)</i>			
• Enterprise Zone Staffing Transfer to Redelopment Agency	(0.35)	(49,310)	(49,310)
<i>Strategic Support (Redevelopment Agency)</i>			
• Revolving Loan Fund and Enterprise Zone Staffing Transfer from the Office of Economic Development	3.00	413,370	413,370
<i>Subtotal</i>	<b>1.00</b>	<b>328,007</b>	<b>646,829</b>
<i>Outcome: SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY</i>			
<i>Development Plan Review and Building</i>			
<i>Construction Inspection</i>			
<i>(Planning, Building and Code Enforcement)</i>			
• Building Fee Program	(13.13)	(1,601,631)	(1,601,631)
• Telephone Communications Cost Efficiencies		(42,674)	(42,674)
• Central Service Yard Consolidation		(5,000)	(5,000)
• Planning Fee Program	2.63	338,718	338,718
• Green Building Program Planner	1.00	110,906	43,554
• Rebudget: Building and Planning Fee Programs Efficiency and Service Improvements		200,000	200,000
<i>Fire Safety Code Compliance (Fire)</i>			
• Fire Development Fee Program	1.00	250,566	250,566
• Police/Fire Retirement Rate Adjustment		1,365	1,365
<i>Long Range Land Use Planning</i>			
<i>(Planning, Building and Code Enforcement)</i>			
• Special Long Range Planning Efforts	(1.50)	(151,468)	(165,245)
• Telephone Communications Cost Efficiencies		(2,855)	(2,855)
• Habitat Conservation Plan/Historic Resources Efforts*	1.00	0	0
• Rebudget: Neighborhood Revitalization and Sign Code Update		210,000	210,000
<i>Regulate/Facilitate Private Development (Public Works)</i>			
• Public Works Fee Program	(12.15)	(1,146,104)	(1,146,104)

# Community and Economic Development

## ADOPTED INVESTMENT CHANGES

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
<i>Outcome: SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)</i>			
<i>Strategic Support (Fire)</i>			
• Fire Development Fee Program	0.80	127,059	127,059
• Police/Fire Retirement Rate Adjustment		77	77
<i>Strategic Support (Planning, Building and Code Enforcement)</i>			
• Telephone Communications Cost Efficiencies		(1,427)	(1,427)
• Cost Allocation Plan Redeployment	0.00	0	0
• Rebudget: Website Development		50,000	50,000
<i>Subtotal</i>	<b>(20.35)</b>	<b>(1,662,468)</b>	<b>(1,743,597)</b>
<i>Outcome: DIVERSE RANGE OF HOUSING OPTIONS</i>			
<i>Increase the Affordable Housing Supply</i>			
<i>(Housing Department)</i>			
• Telephone Communications Cost Efficiencies		(3,000)	0
• Housing Special Projects Consulting Services*		300,000	0
<i>Maintain the Existing Affordable Housing Supply</i>			
<i>(Housing Department)</i>			
• Telephone Communications Cost Efficiencies		(22,000)	0
• Housing Department Non-Personal/Equipment Funding Efficiencies		(40,000)	0
<i>Provide Services to Homeless and At-Risk Populations</i>			
<i>(Housing Department)</i>			
• Telephone Communications Cost Efficiencies		(1,000)	0
• Homeless and Emergency Services*	2.00	228,271	0
<i>Strategic Support</i>			
<i>(Housing Development)</i>			
• Telephone Communications Cost Efficiencies		(15,070)	0
• Housing Accounting Staffing	1.00	91,724	0
<i>Subtotal</i>	<b>3.00</b>	<b>538,925</b>	<b>0</b>
<i>Outcome: RANGE OF QUALITY EVENTS, CULTURAL OFFERINGS, AND PUBLIC ARTWORKS</i>			
<i>Arts and Cultural Development</i>			
<i>(Office of Economic Development)</i>			
• Arts Program Staff Funding Transfer		0	(106,584)
• Rebudget: Festival Grant Program		29,669	29,669
<i>Outdoor Special Events (Office of Economic Development)</i>			
• Arts Program Non-Personal/Equipment Funding		(200,000)	(200,000)
<i>Subtotal</i>	<b>0.00</b>	<b>(170,331)</b>	<b>(276,915)</b>

*City Service Area*

## Community and Economic Development

### ***ADOPTED INVESTMENT CHANGES***

<b>Adopted Core Service Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>	<b>General Fund (\$)</b>
<i>Other Changes</i>			
<i>City-Wide Expenses (City-Wide)</i>			
• Chambers of Commerce		19,000	19,000
• Community-Based Organizations Funding Reduction		(193,475)	(193,475)
• Comprehensive General Plan Update		200,000	200,000
• Habitat Conservation Plan*		164,247	164,247
• Historic Resources Inventory*		49,241	49,241
• History San José		539,915	539,915
• Mexican Heritage Plaza Maintenance and Operations*		396,217	396,217
• Neighborhoods of Distinction*		50,000	50,000
• San José Green Vision*		900,000	900,000
• Sports Authority		100,000	100,000
• Miscellaneous Rebudgets		5,602,192	5,602,192
<i>General Fund Capital, Transfers, and Reserves (City-Wide)</i>			
• Earmarked Reserves: Comprehensive General Plan Update Reserve Elimination		(200,000)	(200,000)
• Earmarked Reserves: Fee-Supported Planning (Works-in-Progress) Reserve		335,463	335,463
• Earmarked Reserves: Rebudgets		12,496,295	12,496,295
<i>Subtotal</i>	<b>0.00</b>	<b>20,459,095</b>	<b>20,459,095</b>
<b>Total Core Service Changes</b>	<b>(16.35)</b>	<b>19,493,228</b>	<b>19,085,412</b>

\* Approved investment change is a new initiative/spending item since the 2007-2008 Adopted Budget.



# Service Delivery Framework

**CITY SERVICE AREA**  
A cross-departmental collection of core services that form one of the City's 6 key "lines of business"

**MISSION STATEMENT**  
Why the CSA exists

## Community & Economic Development CSA

*Mission:*

To manage the growth and change of the City of San José in order to encourage a strong economy, ensure a diverse range of arts, cultural entertainment offerings, and create and preserve healthy neighborhoods.

**CSA OUTCOMES**  
The high level results of service delivery sought by the CSA partners

*Outcomes:*

- Strong Economic Base
- Safe, Healthy, Attractive and Vital Community
- Diverse Range of Housing Options
- Range of Quality Events, Cultural Offerings and Public Artworks

**PRIMARY PARTNERS**  
Departments with Core Services that contribute to achievement of CSA Outcomes

**CORE SERVICES**  
Primary deliverables of the organization

### City Manager - Office of Economic Development

*Core Services:*

Arts and Cultural Development

Business/Job Attraction, Retention, Expansion and Creation

Outdoor Special Events

Workforce Development

### Planning, Building and Code Enforcement Department

*Core Services:*

Development Plan Review and Building Construction Inspection

Long Range Land Use Planning

# Service Delivery Framework

## Community & Economic Development CSA (Cont'd.)

PRIMARY PARTNERS (CONT'D.)  
Departments with Core Services that  
contribute to achievement of CSA  
Outcomes

CORE SERVICES (CONT'D.)  
Primary deliverables of the organization

### Convention Facilities Department

*Core Services:*

Convention Facilities

### Public Works Department

*Core Services:*

Regulate/Facilitate Private  
Development

### Fire Department

*Core Services:*

Fire Safety Code Compliance

### Redevelopment Agency\*

*Core Services:*

Enhance the Quality and Supply  
of the City's Housing Stock

Initiate and Facilitate Private  
Development

Initiate and Facilitate Public  
Facilities and Spaces

Promote and Implement  
Neighborhood Improvements  
Strategies

\* The San José Redevelopment  
Agency (SJRA) Core Service budgets  
are not part of the City's Operating  
Budget.

### Housing Department

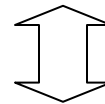
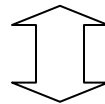
*Core Services:*

Increase the Affordable  
Housing Supply

Maintain the Existing Affordable  
Housing Supply

Provide Services to Homeless  
and At-Risk Population

OPERATIONAL SERVICES  
Elements of Core Services; the "front-line"  
of service delivery



STRATEGIC SUPPORT  
Organization-wide guidance and support  
to enable direct service delivery



# Community and Economic Development CSA

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## Core Service: Arts and Cultural Development

*City Manager – Office of Economic Development*

### Core Service Purpose

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**T**o develop and manage resources that support and build a diverse array of opportunities for cultural participation and cultural literacy.

#### Key Operational Services:

- |   |  |
|---|--|
| <input type="checkbox"/> Arts Grants                | <input type="checkbox"/> Arts Planning and Development |
| <input type="checkbox"/> Arts Community Development | <input type="checkbox"/> Public Art                    |
| <input type="checkbox"/> Arts Education             |  |

### Performance and Resource Overview

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**T**he Arts and Cultural Development core service supports the *Range of Quality Events, Cultural Offerings, and Public Artworks* outcome. This core service provides programs and activities that include grant funding and technical assistance to a diverse range of arts and cultural organizations, and facilitation of arts education opportunities for San José residents. Additionally, a public art program enhances public and private spaces throughout the City. The Office of Cultural Affairs (OCA) manages most of the City's arts-related programs and activities.

#### Arts Grants

Arts grantees provide the community with numerous opportunities throughout the City for cultural participation and cultural literacy, and thus have a significant impact on San José's quality of life and its attractiveness to employers who choose to locate in San José. Arts grant programs rely on Transient Occupancy Tax (TOT) revenues for their support. The bulk of grant funds provide general operating support to San José arts organizations. Technical assistance grants and professional development scholarships are issued to help arts organizations build capacity, and a handful of special grants target specific opportunities with strategic value to the community. In 2007-2008, OCA offered for the second year, small project grants valued at up to \$4,000 per grant targeted at very small groups and neighborhood-focused arts activities.

After suffering a steep three-year decline in total value to their lowest point in nearly ten years, arts grants began to rebound in 2005-2006 as TOT revenues began to recover. The rebound continued in 2007-2008 and the overall value of grants is expected to rise again in 2008-2009.

Structural changes in the local environment, such as the recent uncertainty about Silicon Valley Community Foundation's post-merger plans, continue to challenge local arts providers. Audience participation reported by grantees declined slightly in 2006-2007, after growing more than 12% from 2004-2005 to 2005-2006. There was a small recovery by the end of 2007-2008, but signs of a downturn raise concerns that the recovery may be short-lived.

# Community and Economic Development CSA

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## Core Service: Arts and Cultural Development

*City Manager – Office of Economic Development*

### Performance and Resource Overview (Cont'd.)

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#### Arts Community Development

OCA launched a pilot joint venture in 2005-2006 with the Parks, Recreation and Neighborhood Services Department (PRNS) to place three small arts organizations in residence at the Hoover Community Center, offering dance and music classes and workshops. The joint venture was aimed at ensuring that the neighborhood enjoys a significant level of recreation and cultural education opportunities at Hoover, despite the need for PRNS to reduce its services offered as a measure to address the City's shortfall. In 2007-2008, OCA engaged a consultant to assist the groups with the development of relationships with the three public schools that neighbor the community center. The initial three-year pilot period ended at the close of 2007-2008, and OCA and PRNS have been reviewing the results of the pilot, as well as PRNS' community center reuse plans, to determine whether to sustain the program into the future.

The San José Institute of Contemporary Art (SJICA) settled into its new South of First Street Area (SoFA) home which was purchased in 2006-2007 with assistance from the San José Redevelopment Agency (SJRA). There were other organizations, however, that faced some struggles. Works/San José, an edgy exhibition and performance center that moved into SJICA's previous SoFA location in 2007-2008, soon found itself overwhelmed by the combined effects of much higher occupancy costs and the loss of studio rental income that its new smaller space could not provide. And even as the floors of the first high-rise housing complex in SoFA were being developed, the sale of a nearby SJRA property for a high-rise condominium building that was to include a new home for Movimiento de Arte y Cultura Latino Americana (MACLA) was compromised by drastic changes in the real estate market. The two organizations that could have benefited from the new development, MACLA and San José Stage Company, will remain in their existing spaces instead. Several miles away, however, the pace picked up on planning for the redevelopment of the former Corporation Yard in Japantown, with its promised community cultural amenity and the possibility of a long-term home for San José Taiko.

In 2007-2008, OCA joined the Center for Cultural Innovation, a state-wide organization dedicated to improving opportunities for artists, to launch the Creative Entrepreneur Project, a year-long effort to assess the needs of San José's artists and develop strategies for making San José a nurturing and opportunity-rich community for all artists.

The City, through OCA, also joined with other government arts contributors and foundations to support the launching of the California Cultural Data Project, which will provide arts organizations a greater understanding of their finances and their impacts on communities that will facilitate grant applications and advocacy.

# Community and Economic Development CSA

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## Core Service: Arts and Cultural Development

*City Manager – Office of Economic Development*

### Performance and Resource Overview (Cont'd.)

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#### Arts Education

*Arts Express*, the City's major arts exposure program, continued to grow in 2007-2008, offering a larger number of schoolchildren the opportunity to experience and learn about the arts. In the meantime, the Santa Clara County Office of Education began the development of a county-wide arts education master plan, which was completed at the end of 2007-2008. Staff from OCA and the Office of Economic Development, as well as members of the Arts Commission, are participating in the county-wide planning process, which OCA and the Arts Commission will use as a springboard for the development of strategies for the improvement of arts education in San José in 2008-2009. The development of arts education strategies is the major recommendation of an independent assessment that OCA commissioned of its arts education programs in 2006-2007. OCA will also use other recommendations from the assessment to make fine tuning improvements to *Arts Express*.

#### Arts Planning and Development

In addition to planning efforts to strengthen arts education for the City's children and to develop a more supportive and opportunity-rich environment for San José's artists as creative entrepreneurs, OCA will also begin a holistic review in 2008-2009 of its various arts, cultural, and festival/community celebration funding efforts, most of which have original designs that are now more than a decade old. The goal of the funding review will be to develop an overarching strategy for City funding of arts, culture, and festival/community celebrations and to align individual funding initiatives with that strategy. Substantial change is likely not only to the format of the funding programs, but also to the outcomes that the City will strive to achieve through grants and other forms of investment in arts, culture, and festival/community celebration.

#### Public Art

In March 2007, City Council approved *Public Art NEXT!*, San José's new Public Art Master Plan. The Plan builds upon lessons learned through the City Auditor's 2005 Public Art Program audit, and explores means to expand public art into planned development in North San José, Coyote Valley and Evergreen; SNI and other neighborhood-based planning efforts; and new Downtown development. The Plan also includes recommendations to refine the Program's stakeholder involvement process to create more meaningful interactions between various stakeholders, in order to develop responsive public art projects. During 2007-2008, OCA implemented the recommendations of the Public Art Master Plan for refined stakeholder involvement and initiated work on Public Art Focus Plans for Downtown and North San José. These Focus Plans will guide the development of public art in those areas of the City.

The Public Art Program has been expanding its local artist training and outreach efforts. In 2007-2008, the Program offered training to artists based within Santa Clara County who were interested in working with developers on housing projects and parks, and collaborated with the Cities of San Francisco and Oakland on developing an intensive Public Art Academy for Bay Area artists interested in working on larger scale public art projects.

# Community and Economic Development CSA

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## Core Service: Arts and Cultural Development

*City Manager – Office of Economic Development*

### Performance and Resource Overview (Cont'd.)

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#### **Public Art (Cont'd.)**

The number of active public art projects has grown with the inclusion of several capital projects including the Airport expansion and bond-funded parks projects, and fire stations, branch libraries, and recreational facilities upgrades. In 2007-2008, the Public Art Program developed over 40 individual projects city-wide, and OCA began implementation of a conservation plan based on an assessment of the Public Art Collection. Major maintenance was completed on several artworks during 2007-2008, and in 2008-2009, the Public Art Program will work with other City departments to plan and implement a proactive, comprehensive maintenance program for the Public Art Collection.








Public Art Program staff initiated new exhibits in City Hall during 2007-2008, adding a new gallery in the 4<sup>th</sup> Street Retail Space and installing exhibits in the City Hall lobby, Mayor/Council lobby, and in the first floor exhibit bays.

# Community and Economic Development CSA

## Core Service: Arts and Cultural Development

City Manager – Office of Economic Development

### Performance and Resource Overview (Cont'd.)

Arts and Cultural Development Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
 % of San José students (grades K-12) participating in OCA-sponsored arts education programs	14%	14%	16%	15%
- # of students served by arts education	NEW	NEW	NEW	21,000
 % of public art pieces that are in good to excellent condition based on their physical and operational condition	92%	90%	90%	90%
 % of change in attendance at grant-funded programs compared to previous year %	-3.7%	+3%	+3%	0%
 Grant expenditure per attendee	\$0.73	\$0.82	\$0.94	\$0.94
 Ratio of City support to all other revenue sources for City-supported cultural organizations	\$1:\$24	\$1:\$25	\$1:\$24	\$1:\$25
 % of funded cultural organizations rating funding process good to excellent based on responsiveness, timeliness, and integrity	86%	80%	83%	85%
 % of residents rating City efforts at supporting a diverse range of arts and cultural activities in the City as good or excellent	54%	55%	55%	55%

*Changes to Performance Measures from 2007-2008 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2007-2008 Adopted Budget:

⌚ This performance measure was revised to add “# of students served by arts education” to align the measures published in this document with the Quarterly Performance Reports prepared for City Council Committees.

⌚ “Ratio of City grant funding to all other revenue sources (all grantees)” was revised to “Ratio of City support to all other revenue sources for City-supported cultural organizations” to align the measures published in this document with the Quarterly Performance Reports prepared for City Council Committees.

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of students served by arts education	21,573	21,000	23,600	22,000
Number of arts grants awarded and monitored	139	140	145	145
Grant expenditures	\$2,400,000	\$2,700,000	\$3,100,000	\$3,100,000
Number of City-funded cultural organizations	68	60	63	60
Attendance at Grantee Programs	3,172,900	3,300,000	3,300,000	3,300,000
% of ethnic groups represented in grants program	41%	35%	38%	38%
Number of Public Artworks in collection	218	236	228	238

*Changes to Activity & Highlights from the 2007-2008 Adopted Budget: No*



# Community and Economic Development CSA

## Core Service: Arts and Cultural Development

*City Manager – Office of Economic Development*

### Performance and Resource Overview (Cont'd.)

Arts and Cultural Development* Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Core Service Budget **</b>					
Personal Services	\$ 1,470,102	\$ 1,829,755	\$ 1,947,452	\$ 1,947,452	6.4%
Non-Personal/Equipment	486,663	260,209	226,950	256,619	(1.4%)
<b>Total</b>	<b>\$ 1,956,765</b>	<b>\$ 2,089,964</b>	<b>\$ 2,174,402</b>	<b>\$ 2,204,071</b>	<b>5.5%</b>
<b>Authorized Positions</b>	<b>13.00</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>	<b>0.0%</b>

\* Prior to 2006-2007, the Arts and Cultural Development appeared in the Recreation and Neighborhood Services City Service Area (now known as the Neighborhood Services City Service Area).

\*\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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#### RANGE OF QUALITY EVENTS, CULTURAL OFFERINGS, AND PUBLIC ARTWORKS

##### 1. Arts Program Staff Funding Transfer 0 (106,584)

This action shifts funding for one Arts Program Coordinator from the General Fund to Capital Funds in the Arts and Cultural Development division in the Office of Economic Development. According to the updated Public Art Master Plan, each capital program sets aside 1% of funding for public art which will fund this position. This position will provide support and coordination for city-wide public art projects, which includes coordinating all artist selections; maintaining artist roster and files; coordinating all meetings of the Public Art Committee of the Arts Commission; gathering general public information on public art; and assisting with community outreach. (Ongoing costs: \$0)

#### Performance Results:

No impacts to current service levels are anticipated as a result of this proposal.

##### 2. Rebudget: Festival Grant Program 29,669 29,669

The rebudget of unexpended 2007-2008 funds will allow for the continuation of the festival grant program. (Ongoing costs: \$0)

**Performance Results:** N/A (Final Budget Modification)

<b>2008-2009 Adopted Core Service Changes Total</b>	<b>0.00</b>	<b>29,669</b>	<b>(76,915)</b>
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# Community and Economic Development CSA

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## Core Service: Business/Job Attraction, Retention, Expansion and Creation

*City Manager – Office of Economic Development*

### Core Service Purpose

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**P**romote business by providing assistance, information, access to services, and development permit facilitation.

#### Key Operational Services:

- |  |  |
|--|--|
| <input type="checkbox"/> Economic Development Strategy | <input type="checkbox"/> International Programs          |
| <input type="checkbox"/> Corporate Outreach            | <input type="checkbox"/> Retail Attraction and Retention |
| <input type="checkbox"/> Small Business Assistance     | <input type="checkbox"/> Revenue Generation              |
| <input type="checkbox"/> Loan Programs                 |  |

### Performance and Resource Overview

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**T**he Office of Economic Development (OED) manages a comprehensive program designed to strengthen the economy of San José and create an environment where innovative companies can flourish. Specific goals include improving the quality of municipal services provided to businesses, expanding the City's tax base, and increasing economic opportunities for residents in San José. OED is responsible for providing and leveraging services for small businesses and for assisting in the retention, expansion, and attraction of driving industries. The Business/Job Attraction, Retention, Expansion and Creation Core Service contributes to the Community and Economic Development CSA Outcome: *Strong Economic Base* and advances the three-year Council priorities of eliminating the budget deficit and increasing economic vitality.

#### Economic Development Strategy

On an ongoing basis, OED provides information and perspective about the San José/Silicon Valley economy for City decision makers, including the Mayor, City Council, and Executive/Senior Staff. OED also provides economic information to the City's economic development partners and the community at large.

The economic strategy for the City of San José provides a broad vision of the City's economic future and 15 initiatives that build on San José's strengths. The vision stresses the reinforcement of San José's identity as the Capital of Silicon Valley through the savvy use of technology and enhancement of its entrepreneurial environment. San José's role as a creative community and global business gateway will be an important element in positioning San José as the world's most livable big city providing opportunities for all its residents. In addition, the Green Vision provides additional focus to the City's Economic Development Strategy by laying out a 15-year goal of creating 25,000 clean technology jobs and transforming San José into a world center of clean tech innovation that will allow for the achievement of the other nine goals.

# Community and Economic Development CSA

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## Core Service: Business/Job Attraction, Retention, Expansion and Creation *City Manager – Office of Economic Development*

### Performance and Resource Overview (Cont'd.)

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#### Economic Development Strategy (Cont'd.)

Some highlights of the Strategy implementation include:

- **Additional Retail Attraction (ED13).** Continued augmentation in this area will permit additional attraction efforts to provide residents with more convenient services, help overcome San José's retail leakage to other communities, and increase City revenue for community services.
- **Communicating a Compelling Community Identity (ED14).** San José's ability to attract additional investment depends on the local, national, and international impressions of the community's identity.
- **Development Facilitation of Job - and Revenue - Generating Company Expansions and Relocations (ED6).** The additional assistance that companies receive in San José provides the City with a competitive edge as the local economy begins to recover.
- **Develop Strategic Partnerships with San José State University (SJSU) and Other Universities to Drive Innovation and Economic Impact (ED3).** The launch of the Dr. Martin Luther King, Jr. Library demonstrated the power of City-University collaboration to drive economic impact and livability improvements; and the City and SJSU have identified other priority areas for collaboration such as land use.
- **Evolve and Position Downtown as a Unique Creative and Cultural Center of Silicon Valley (ED4).** Signature downtown events such as the ZeroOne International Arts Festival and the Tour of California, continue to build San José's regional, national, and international recognition. The expansion of downtown housing reinforces the area's ability to provide a distinct urban character for the development of a larger creative community.
- **Support Start-Up and Growth of Local Businesses, Small and Large, in Technology as well as Non-Technology Fields (ED5).** Continued efforts to retain and develop new resources for expanding businesses such as incubators, technical assistance centers, and access to capital will encourage growth of driving industries, especially biotech, clean tech, and informatics.
- **Diversify San José's Economic Base and Preserve/Create Middle-Income Jobs (ED8).** Land use and economic development policies to encourage a wide variety of industries that will support greater resilience in the local economy.

In 2008-2009, funding to add an Economic Development Officer and one-time funding to add a Senior Analyst to serve as the City Manager's Downtown Coordinator are included in this budget. These positions will aggressively implement the San José Economic Development Strategy, specifically the Retail Strategy, facilitate driving industry and projects in North San José, and implement the Responsible Hospitality Institute recommendations for Downtown. In addition, these positions will pursue additional City revenues and provide a level of attention to these key areas necessary to advance key Council priorities. Finally, San José's efforts to advance its Clean Tech Strategy and the BusinessOwnerSpace.com small business network both promise to create jobs and generate revenues in 2008-2009.

# Community and Economic Development CSA

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## Core Service: Business/Job Attraction, Retention, Expansion and Creation

*City Manager – Office of Economic Development*

### Performance and Resource Overview (Cont'd.)

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#### Corporate Outreach

Businesses seeking to locate or expand in San José often contact the City through the Office of Economic Development. OED staff work with other City departments to coordinate and streamline the development process for companies looking to locate or expand in San José. The response to the businesses making the inquiry typically requires researching potential sites, providing information, or coordinating and facilitating meetings. OED meets with companies, including significant and growing job/revenue-generators, on a proactive basis to get their views on the City's strategy and initiatives and to identify areas requiring City action. As part of the Economic Strategy Process, OED met individually with senior executives from 50 key companies. These efforts are complemented by a city-wide effort, the Business Appreciation Initiative, in which Department Directors and other staff members visit key companies to share information about the City, provide assistance, and address any concerns.

In 2007-2008, an estimated 9,420 jobs were created or retained by companies directly assisted by OED. The number of jobs created is slightly lower than target due to the weakening national economy, which has slowed development activities. The 2007-2008 job creation statistics reflect a larger number of companies served and does not incorporate several projects which OED and the San José Redevelopment Agency staff facilitated in the past year but are not yet completed. The increased focus within OED on development services and facilitation has increased the City's capacity to assist companies with job creation and generate additional revenues for City services. In addition, the Special Tenant Improvement Program has been a particularly valuable tool in encouraging the early occupation of vacant industrial and R&D space as well as commercial office space in downtown San José. It is estimated that the number of companies served during the permitting process were 61 in 2007-2008.

#### Small Business Assistance and Loan Programs

In addition to efforts to encourage corporate expansion and attraction, OED plays a role in stimulating the growth of small businesses. Efforts in this area range from business fairs, such as the annual Money Talks event, to financial support of local chambers of commerce and business loan programs. Most recently, San José and work2future have launched BusinessOwnerSpace.com, a virtual small business network that connects 39 federal, State, local, and non-profit service providers in an effort to provide one-stop shopping for the 50,000 small businesses and thousands of entrepreneurs in San José.

In 2008-2009, the City will continue its partnerships with the Silicon Valley Chamber of Commerce, Joint Venture Silicon Valley, and several local small business chambers of commerce to provide activities of benefit to San José small businesses. City funding provides business owners of underserved communities with direct chamber support and alternative avenues for finding out about City and other assistance services. These contracts encourage direct technical assistance, workshops, networking, and other company fostering activities as well as referrals to work2future and Enterprise Zone programs for employee recruiting and hiring tax credits.

# **Community and Economic Development CSA**

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## **Core Service: Business/Job Attraction, Retention, Expansion and Creation** *City Manager – Office of Economic Development*

### **Performance and Resource Overview (Cont'd.)**

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#### **Small Business Assistance and Loan Programs (Cont'd.)**

OED also administers a Revolving Loan Fund (RLF), which provides funds to small businesses in the amount of \$10,000 to \$40,000 for working capital, equipment, and other purposes. This program provides loans to businesses that have sound business practices, but due to being a start-up or because of past credit history, are normally unable to obtain private sector financing. Two positions who administer the RLF will be transferred from the Office of Economic Development to the San José Redevelopment Agency in 2008-2009.

OED has enhanced the economic impact for San José's small business community by developing a program in 2007-2008 that further leverages City loan monies to replace the Development Enhancement Special Fund (DESF). The Economic Development Catalyst Program will provide financial services, technical assistance, and information targeted to job generating companies with high growth potential. The Catalyst Fund will leverage up to a 6:1 ratio and provide a return on investment of 15%, while at the same time generating increased jobs and sales tax revenues.

#### **San José Enterprise Zone**

In 2006, San José received a new 15-year designation as an Enterprise Zone from the State of California. Businesses within the 12 square-mile Enterprise Zone in central San José are eligible for State tax credits and incentives. In addition to hiring tax credits, benefits of locating in the Enterprise Zone include: sales tax credits on the purchase or lease of manufacturing and communications equipment; asset depreciation; net operating loss carryover; as well as a net interest deduction for lenders.

Enterprise Zone companies can receive tax credits for hiring individuals from one of 13 eligibility categories. The hiring tax credit can lower the company's State tax liability per eligible employee by more than \$30,000 over a five-year period. Since 1997, the State has provided an estimated \$222 million in business tax credits to San José businesses. The program has been a significant tool in helping OED attract/retain companies and create jobs in San José, especially the Downtown area and in the Monterey Corridor. The Office of Economic Development and partners estimate that a total of 1,000 hiring tax credits were issued to businesses within the Enterprise Zone during 2007-2008. In 2008-2009, this program will be transferred from the Office of Economic Development to the San José Redevelopment Agency.

#### **International Programs**

International business activity continues to be an integral component of San José's economy. To facilitate international economic development opportunities, OED meets regularly with foreign consulates, foreign government trade and investment offices, and international companies with the potential for foreign investment. OED also meets with targeted international business, government

# Community and Economic Development CSA

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## Core Service: Business/Job Attraction, Retention, Expansion and Creation *City Manager – Office of Economic Development*

### Performance and Resource Overview (Cont'd.)

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#### International Programs (Cont'd.)

delegations, and foreign businesses located in San José. During 2007-2008, the office met with more than 20 foreign firms who were interested in operating in San José. OED works in partnership with the business incubators, including the US Market Access Center, to increase foreign investment in San José.

In addition to business outreach efforts, OED is responsible for the Sister Cities Program and the seven sister city relationships. OED has worked to increase community support and participation in the program. In 2007-2008, OED organized a City-led sister city trip to Okayama, Japan and hosted a visit by the Dublin Lord Mayor and delegation.

The City's Economic Development Strategy includes an initiative to develop and open strategic economic partnerships with a select number of innovation regions around the globe that are key centers of technological innovation. Following the signing of an agreement with Cambridgeshire/East of England in 2005, the Office of Economic Development has worked with officials in East England to strengthen two-way trade, investment, economic relations, and university partnerships. Economic partnership agreements are being explored with Finland and other key centers of innovation and inward investment. Staff will also focus on future strategic economic partnerships with India and China, nations that are experiencing strong economic growth and key export markets for San José and California companies.

#### Retail Attraction and Retention

The Office of Economic Development works to encourage retail development to enhance the quality of life within the City, meet residents' increasing demand for goods and services, and generate revenues for City government. For instance, Santana Row, Oakridge Mall, Eastridge Mall, Valley Fair Mall, "The Plant" on the old GE site, and the Market Center have all completed or are undergoing improvements facilitated by OED. Other significant retailers that have opened or pursuing new sites in San José include Costco, Whole Foods, Lowes, and Target.







#### Revenue Generation

While revenue generation is not a program area but rather an outcome of the City's Corporate Outreach and Retail Attraction and Retention efforts, some of the key performance measures related with this core service are associated with revenue. Sales/Use Tax revenues that result from OED activities are estimated to lag slightly below targets for 2007-2008 due in part to slowing retail sales in 2007-2008.

# Community and Economic Development CSA

## Core Service: Business/Job Attraction, Retention, Expansion and Creation City Manager – Office of Economic Development

### Performance and Resource Overview (Cont'd.)

<b>Business/Job Attraction, Retention Expansion and Creation Performance Summary</b>	<b>2006-2007 Actual</b>	<b>2007-2008 Target</b>	<b>2007-2008 Estimated</b>	<b>2008-2009 Target</b>
 Number of jobs created or retained by assisted companies	8,300	10,000	9,300	12,000
 Number of jobs created or retained by chambers of commerce assisted companies	35	35	40	50
 Percent increase in dollars lent through the Revolving Loan Program (RLF)	70%	50%	20%	25%
 Ratio of Sales/Use Tax revenues generated by assisted companies per OED expenditure	5:1*	14:1	6:1*	7:1*
 Percentage of requests for assistance responded to within one work day	94%	95%	95%	100%
 Percentage of customers rating quality of assistance provided as good or excellent	96%	97%	96%	100%

*Changes to Performance Measures from 2007-2008 Adopted Budget: No*

\* Delayed revenue generation combined with increased expenditures lower this ratio.

<b>Activity &amp; Workload Highlights</b>	<b>2006-2007 Actual</b>	<b>2007-2008 Forecast</b>	<b>2007-2008 Estimated</b>	<b>2008-2009 Forecast</b>
Sales/Use Tax revenues generated by OED actions	\$1.5M*	\$3.5M	\$2.2M*	\$3.5M
\$'s made available to San José businesses	\$0.3M**	\$1.0M	\$0.8M	\$1.0M
Number of companies receiving permitting assistance	80	120	57	75
Number of meetings with foreign firms regarding operating in San José	20	25	25	25
Number of job placements resulting from Enterprise Zone vouchers	650	700	600	650

*Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No*

\* Large shopping developments were delayed in coming on line and sales per square foot at new malls were below company estimates. The Office of Economic Development only counts new revenue for one year.

\*\* Funds being conserved to capitalize the Economic Development Catalyst Program.



# Community and Economic Development CSA

## Core Service: Business/Job Attraction, Retention, Expansion and Creation *City Manager – Office of Economic Development*

### Performance and Resource Overview (Cont'd.)

Business/Job Attraction, Retention, Expansion and Creation Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 1,141,115	\$ 1,653,825	\$ 1,822,514	\$ 1,903,432	15.1%
Non-Personal/Equipment	561,252	498,731	235,494	204,494	(59.0%)
<b>Total</b>	<b>\$ 1,702,367</b>	<b>\$ 2,152,556</b>	<b>\$ 2,058,008</b>	<b>\$ 2,107,926</b>	<b>(2.1%)</b>
<b>Authorized Positions</b>	<b>11.90</b>	<b>11.90</b>	<b>12.55</b>	<b>12.90</b>	<b>8.4%</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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#### STRONG ECONOMIC BASE

- Revolving Loan Fund and Enterprise Zone Staffing Transfer to Redevelopment Agency** (2.65) (376,060) (143,209)

This action will transfer two Economic Development Officer positions that administer the Revolving Loan Fund and one Economic Development Officer position that supports the Enterprise Zone program from the Office of Economic Development to the San José Redevelopment Agency (SJRA). The costs of these positions and related issuance of vouchers will be assumed by the SJRA. (Ongoing savings: \$376,060)

#### Performance Results:

**Customer Satisfaction** Current level of service for the Revolving Loan Fund and the Enterprise Zone program will be maintained.

- Chambers of Commerce** (19,000) (19,000)

This action reallocates Non-Personal/Equipment funding from the Office of Economic Development into a City-Wide Expenses appropriation for the San José Silicon Valley Chamber of Commerce. (Ongoing savings: \$19,000)

**Performance Results:** N/A (Final Budget Modification)

# Community and Economic Development CSA

## Core Service: Business/Job Attraction, Retention, Expansion and Creation

*City Manager – Office of Economic Development*

### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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#### STRONG ECONOMIC BASE (CONT'D.)

<b>3. Non-Profit Oversight Management Staffing</b>	<b>1.00</b>	<b>217,985</b>	<b>217,985</b>
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This action will provide one-time funding for a Deputy Director in the Office of Economic Development to manage the City's non-profit projects by providing relationship management of non-profit organizations with financial/operational challenges; facilitation of the Non-profit Strategic Engagement Committee; coordination of existing non-profit initiatives; and development of a proactive engagement and evaluation process for City funded non-profit organizations. In addition to the primary duties of non-profit management, a portion of this position will also be available to provide support for key economic development projects and initiatives such as the negotiation of convention center management services, feasibility of an expansion of the convention center; oversight of the City's small business services; continued development and enhancement of the BusinessOwnerSpace.com website; and fund management of the Economic Development Catalyst Program. (Ongoing costs: \$0)

#### Performance Results:

**Customer Satisfaction** This position will provide direct assistance for departments working with specific non-profit organizations that are facing financial/operational challenges and will also be available to provide support for economic development projects and initiatives.

<b>4. Industrial Development and Retail Strategy Development</b>	<b>1.00</b>	<b>118,430</b>	<b>118,430</b>
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This action will provide funding to add one Economic Development Officer position to support industrial development in the City and to implement the Retail Strategy. This position will be dedicated to facilitate development of office, R&D, and industrial projects and encourage job creation in critical employment areas, such as in North San José, Downtown, Monterey Corridor, and Edenvale. In addition, this position will support the implementation of the Retail Strategy by expanding efforts to facilitate retail development projects that are currently in the pipeline through the development process; advancing General Plan amendments that will allow for retail development of appropriate sites; and identifying environmental impact reports and infrastructure improvements necessary to make existing sites viable locations for retail. (Ongoing costs: \$119,493)

#### Performance Results:

**Customer Satisfaction** This action will have dedicated staff to work with developers, brokers, prospective tenants, and San José companies to ensure industrial and retail development. **Cost** This position will support economic development by generating revenue for the City.

## Community and Economic Development CSA

**Core Service: Business/Job Attraction, Retention, Expansion and Creation**  
*City Manager – Office of Economic Development*

### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
<b>STRONG ECONOMIC BASE (CONT'D.)</b>			
<b>5. City Manager's Downtown Coordinator Staffing</b>	<b>1.00</b>	<b>108,563</b>	<b>108,563</b>
<p>This action provides one-time funding for a Senior Analyst position in the Office of Economic Development to serve as the City Manager's Downtown Coordinator. In June 2007, the City, the Downtown Association, and the San José Redevelopment Agency (SJRA) contributed financially to retain the services of the Responsibility Hospitality Institute (RHI) to do a Hospitality Zone Assessment (HZA) for the Downtown area. Through a series of focus groups and community meetings, the RHI developed a set of strategies and recommendations to address trends and issues related to the management and policing of the late night economy. One of the recommendations is to create a Downtown coordinator to serve as a liaison for the City to the Downtown entertainment community and ensure that new and existing policies are working to make Downtown a safe and vibrant entertainment center. This position will provide staff support to an advisory council to the City Manager with representation from primary stakeholder groups; be available to the Downtown business community to assist in resolving conflicts; clarify inconsistencies in procedures; counsel dining, entertainment, or event planning businesses impacting public safety or quality of life; and gather information to analyze trends and identify patterns that might require changes in policy, education, or resource allocation. (Ongoing costs: \$0)</p>			
<p><b>Performance Results:</b> <b>Customer Satisfaction</b> This position will serve as a liaison for the City to the Downtown entertainment community and ensure that new and existing policies are working to make Downtown a safe and vibrant entertainment center.</p>			
<b>2008-2009 Adopted Core Service Changes Total</b>	<b>0.35</b>	<b>49,918</b>	<b>282,769</b>

# Community and Economic Development CSA

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## Core Service: Convention Facilities

*Convention Facilities Department*

### Core Service Purpose

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**T**o ensure that San José's Convention Center and Cultural Facilities are effectively managed to reduce costs, improve the local economy, and add value to customers, residents, workers, and businesses within the City of San José.

#### Key Operational Services:

- |   |  |
|---|--|
| <input type="checkbox"/> Sales and Marketing        | <input type="checkbox"/> Facility and Infrastructure |
| <input type="checkbox"/> Event Services             | Maintenance  |
| <input type="checkbox"/> Technical Services         | <input type="checkbox"/> HVAC, Electrical, and       |
| <input type="checkbox"/> Food and Beverage Services | Cogeneration Services                                |

### Performance and Resource Overview

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**T**he Convention and Cultural Facilities (CCF), a campus comprised of the McEnery Convention Center, South Hall, Center for the Performing Arts (CPA), Parkside Hall, Civic Auditorium, Montgomery Theater, and California Theater, has been managed by Team San José (TSJ) since July 2004. Based on 2007-2008 projections, revenue will be increased by 57% since 2004-2005, when TSJ assumed management duties for the facilities. These facilities continue to fuel the local economy by driving guests to local hotels, restaurants, arts groups, and other hospitality businesses. In 2006-2007, the CCF drew approximately 1.25 million visitors to San José, generating over \$129 million in gross hotel revenues, an increase of \$17 million from 2005-2006 levels.

The McEnery Convention Center is the venue of choice for a wide range of exhibitions, trade shows and conferences. Technology conferences such as Photonics West, Embedded Systems Conference have returned for yet another year. The Harvest Festival brings together crafters and holiday shoppers. The San José Auto Show attracts thousands of new car buffs every year. Public dances brought up to 15,000 attendees to each performance of well-known bands.

The CCF's theaters, with their diverse personalities, hosted a wide range of genres and performances. The CPA, the home of the American Musical Theater of San José and Ballet San José/Silicon Valley, was the venue for such shows as *Guys & Dolls*, *Little Shop of Horrors* starring Hal Linden, *Jesus Christ Superstar* starring Ted Neeley, *Cabaret*, and *Mamma Mia!*. *Disney's Beauty & the Beast* and *High School Musical* will finish off the 2007-2008 season. The Montgomery Theater is the home of the Children's Musical Theater of San José, which in 2007 and 2008 presented *You're a Good Man Charlie Brown*, *School House Rock Live!*, *Jekyll & Hyde*, and *Ragtime*. The Civic Auditorium has been the venue for the following acts: Switchfoot, My Chemical Romance, Raggs, Sesame Street Live, and Playhouse Disney Live! The California Theater, home of Symphony Silicon Valley and Opera San José, has drawn audiences in with its magnificently restored interior and performances of *The Magic Flute* and *Rigoletto*. In addition, the California Theater hosted the Cinequest Film Festival and a classic movie series during the winter holidays.

# Community and Economic Development CSA





## Core Service: Convention Facilities

### *Convention Facilities Department*

#### Performance and Resource Overview (Cont'd.)

TSJ anticipates bringing more than 400 definite events (tentative dates are not included) to the Convention Center complex in 2007-2008, and with those events approximately a million and a half attendees. As a result, TSJ estimates 2007-2008 gross revenue of nearly \$11.2 million.

Ninety-eight percent of TSJ's clients (show, conference and event organizers) have rated the facilities and services provided at the Convention Center complex as good to excellent. The high client satisfaction indicates a corresponding degree of return business, establishing a strong baseline for a continued increase in sales and a higher overall occupancy of the City's Convention and Cultural Facilities. In an effort to continue to provide excellent customer service, the staffing complement of Convention Facilities positions has been changed in this budget. With the approved changes, the department anticipates having more ability to address maintenance issues, which should increase the number of returning convention customers.

<b>Convention Facilities Performance Summary</b>	<b>2006-2007 Actual</b>	<b>2007-2008 Target</b>	<b>2007-2008 Estimated</b>	<b>2008-2009 Target</b>
 Gross Revenue	\$10.23 M	\$10.19 M	\$11.18 M	\$12.13 M
 Net Profit (Loss)	\$(3.80 M)	\$(4.96 M)	\$(4.03 M)	\$(4.69 M)
 Economic Impact				
Attendee Days By Type of Visitor:				
- Local/Social	1,118,794	1,050,000	1,369,074**	690,040
- Out of Town	132,506	103,000	103,600**	108,000
- Exhibitors	21,029	22,000	11,725**	22,900
 % of customers rating overall service good to excellent based on satisfaction with facilities and services provided	93%	89%	95%***	89%

*Changes to Performance Measures from 2007-2008 Adopted Budget: No*

# Community and Economic Development CSA

## Core Service: Convention Facilities Convention Facilities Department

### Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast*
Number of events at Convention Facilities	519	546	431*	415
Attendance at Convention Facilities	1,272,329	1,176,000	1,484,399*	1,354,399
Number of Convention Delegates (exhibitors)	21,029	22,000	11,275*	11,786
Delegate Expenditures (\$)	4,801,263	TBD	3,345,233*	2,771,664
Operating Revenues (\$)	10,236,913	10,198,608	11,184,625	12,132,829
Operating Expenses (\$)	14,039,323	15,065,874	15,090,640	16,824,633
Overall Occupancy Rate (%)	59.91%	62%	61%	61%

*Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2007-2008 Adopted Budget:

✕ Total Tax Benefit” to be deleted; as the calculation and collection of data for this measure has proven to be subjective and difficult to obtain.

Convention Facilities Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 6,645,397	\$ 7,280,520	\$ 7,672,585	\$ 7,706,148	5.8%
Non-Personal/Equipment	6,104,226	6,421,483	7,194,835	7,194,835	12.0%
<b>Total</b>	<b>\$ 12,749,623</b>	<b>\$ 13,702,003</b>	<b>\$ 14,867,420</b>	<b>\$ 14,900,983</b>	<b>8.8%</b>
<b>Authorized Positions</b>	<b>84.75</b>	<b>85.75</b>	<b>85.75</b>	<b>85.75</b>	<b>0.0%</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

# Community and Economic Development CSA

## Core Service: Convention Facilities

*Convention Facilities Department*

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)
<b>STRONG ECONOMIC BASE</b>		
<b>1. Convention Center Staffing Realignment</b>		<b>33,563</b>
<p>This action changes the staffing complement of the Convention Facilities Department in order to more effectively deliver the services necessary to attract conventions and events that contribute to the City's economy. This action eliminates eight vacant positions (2.0 Custodians, 1.0 Facility Repair Worker, 2.0 Facility Sound and Light Technicians, 1.0 Senior Account Clerk, and 2.0 Senior Event Coordinators) and a filled Heavy Diesel Equipment Operator/Mechanic. These reductions are offset by the addition of nine new positions (1.0 Air Conditioning Mechanic, 3.0 Maintenance Workers, 1.0 Security Officer, 1.0 Senior Electrician, 1.0 Senior Facility Repair Worker, 1.0 Supervisor of Trades, and 1.0 Warehouse Worker). With these staffing changes, Team San José anticipates being better able to control overtime expenditures, reducing the time needed to execute service requests, maintain the facilities at the desired levels, and address more deferred maintenance issues. The Heavy Diesel Equipment Operator/Mechanic was approved for elimination as a review of the Co-Generation Unit has indicated that the overall expense to operate the unit is greater than the financial gain returned. (Ongoing costs: \$38,531)</p> <p><b>Performance Results:</b> <b>Customer Satisfaction, Quality</b> Customer service levels to clients are anticipated to increase. Due to the improved customer satisfaction figures and the improved ability to address maintenance issues, the number of returning convention customers should increase as well.</p>		
<b>2008-2009 Adopted Core Service Changes Total</b>		<b>33,563</b>



# Community and Economic Development CSA

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## Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

### Core Service Purpose

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**M**anage and review development and construction applications to allow issuance of permits in compliance with applicable codes and policies.

#### Key Operational Services:

- ☐ Review of Land Use, Rezoning, Development Applications & Plans for Compliance with Zoning Code, Standards, Policies and Guidelines
- ☐ Review of Construction Plans and Calculations for Compliance with Building Code Standards, Policies and Guidelines
- ☐ Environmental Review
- ☐ Construction Inspection
- ☐ Permit Issuance
- ☐ Public Information Services

### Performance and Resource Overview

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**T**he desired outcomes for this core service are to facilitate issuance of permits and compliance with codes, policies, guidelines and standards and, through these efforts, to ensure safe, healthy and attractive development. The continued challenge for this core service is to provide planning and building services that allow development to be planned, approved and inspected at a pace consistent with the economic realities of the competitive development environment.

#### Development Activity

Development activity, including planning permit applications, building permits, plan reviews, and inspection activity, has remained relatively constant since the tremendous development boom ended in 2000-2001. During this time, however, there had been a significant shift away from commercial and industrial construction activity (where valuations are higher relative to corresponding service demand) toward residential construction activity. After several years of decline, commercial and industrial construction activity began a gradual multi-year increase in 2005-2006 and is expected to level off at a moderate level in 2008-2009. The volume of residential activity began a cyclical slowdown in 2006-2007, and is expected to bottom out in the next two years.

# Community and Economic Development CSA

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## Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

### Performance and Resource Overview (Cont'd.)

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#### Cost Recovery and Staffing

For 2008-2009, projections indicate that the Building Fee Program will have a 31% base budget gap. To begin to address this gap, in 2008-2009 the Building Fee Program includes a 10% fee increase, adjustments to commercial/industrial fees, reinstatement of the Temporary Occupancy and Permit Time Extension fees, staffing reductions, and the use of \$1.6 million of the Building Fee Reserve. In addition to \$200,000 in non-personal funding reductions, the following twelve (12) positions in Planning, Building and Code Enforcement were approved for elimination to address the decrease in residential activity in the Building fee program: three Supervising Inspectors, four Building Inspectors, one Permit Specialist, one Associate Architect, one Planner, one Senior Office Specialist, and one Staff Specialist position. In addition, a Network Technician in the Information Technology Department and Economic Development Officer in the Office of Economic Development were approved for elimination. As a result of the decrease in residential activity, this staffing reduction is anticipated to have a minor impact upon performance. An Information Systems Analyst position in Information Technology and portions of two Senior Analysts will be shifted to the Fire Fee Program to provide hiring, performance measure development and programming expertise for a one year period. One customer service Planner will be shifted to the Planning Fee Program to improve coordination and consistency.

The Planning Fee Program lacks adequate revenue and reserves to phase in fee increases while maintaining current service levels. Therefore, fees were approved to be increased 7% in order to reach 100% cost recovery and to continue to fund a position approved to work on process improvements intended to reduce the overall cost of providing services in the Planning Fee Program. It is anticipated that this effort will reduce the number of hand-offs between staff, and result in recommendations to modify codes and systems in a manner that will simplify the development review process. In 2008-2009, Planning site development permits were approved to be transitioned to a time and materials fee methodology.

#### Resource Changes

For the Planning Fee Program, the 2008-2009 budget includes funding for a permanent Planner to review development projects at the entitlement phase to ensure that Green Building principles are incorporated during project planning. This position will be funded by a combination of Environmental Services Department funds and Planning fees. Portions of the Department's Assistant Director, Communications Officer, and Senior Analyst will be shifted from the Building Fee Program to the Planning Fee Program to align costs to work being performed. Additionally, portions of an Accounting Technician and an Analyst supporting the Planning Fee Program will be fully funded by fees. One-time funding in both the Building and Planning fee programs will begin efforts to upgrade the FileNet document management system enhancing the ability to make documents more readily available to the public. In addition, a Works-in-Progress Reserve in the

# Community and Economic Development CSA

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## Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

### Performance and Resource Overview (Cont'd.)

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#### Resource Changes (Cont'd.)

amount of \$335,463 is anticipated, to be used to address technology equipment needs as well as to ensure that the program will be able to remain at existing performance levels.

#### Performance, Efficiency and Service Improvements

In February, 2008, the Development Service Partners (Planning, Building, Fire, and Public Works) completed the second annual scientific customer satisfaction survey to obtain statistically reliable customer satisfaction data from the Development Services customer base. This year's data, combined with the baseline data from last year's inaugural survey, will be used for performance measures, budgetary decisions, and business process improvements. The Partners plan to continue conducting an annual survey.

The results of the second survey clearly show that the Partners have improved their performance in 31 of the 34 specific service dimensions where customers noted a *statistically* significant difference in the Partners' performance in the past year.

Among ministerial customers with projects not requiring a public hearing, more than three-quarters (79%) were somewhat or very satisfied. Among discretionary customers with projects requiring a public hearing, just over two-thirds (68%) were somewhat or very satisfied. Of particular interest was that the level of satisfaction increased among both ministerial and discretionary customers. Whereas 39% of ministerial and 27% of discretionary customers indicated they were very satisfied with the service they received on their most recent project in the first survey, the corresponding values in the second survey were 45% and 37%, respectively.

Overall, the estimated performance for 2007-2008 remains fairly constant when compared to the 2006-2007 actual data, with slight decreases in only a handful of areas. While the estimated "Percent of projects that receive thorough, complete and consistent processing in the first cycle of the staff review process" for the Planning Process remains close to 2006-2007 actual data (60% versus 59%), the target has been decreased to 70% from 80% in order to align the goal to projected staffing and workload. The Building Inspection Process methodology has been revised to more accurately reflect targets for inspections done within 24 hours (existing target) as well as 48 hours (additional new target). The goal is to have 80% of the inspections completed within 24 hours, and all inspections completed within 48 hours (100%). The "Percent of process participants rating service good or better" is now tracked through a scientific survey. Planning Permit and Building Plan Check processes showed improvement in their scores from the first survey to the second, 62% to 66% and 77% to 80% respectively. Building Inspection Process had a slight decline in performance from 85% to 83%. Targets for Building Plan Check and Building Inspections were raised to 80% while Planning Permit targets were kept at 75% for the coming fiscal year.






# Community and Economic Development CSA

## Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

### Performance and Resource Overview (Cont'd.)

#### Performance, Efficiency and Service Improvements (Cont'd.)

The Activity and Workload Highlights chart projects an increase in the number of customers served in Permit Center and an increase in the number of Minor planning applications. The other activity and workload measures are projected to decrease due to the decline in Building activity.

Development Plan Review & Building Construction Inspection Performance Summary		2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
	% of projects that receive thorough, complete and consistent processing in the first cycle of the staff review process:				
	Planning Permit Process	60%	80%	59%	70%
	Building Plan Check Process	90%	90%	90%	90%
	Building Inspection Process	90%	90%	85%	90%
	Ratio of current year fee revenue to development fee program cost	88.5%	91%	81.8%	91.1%
	Development projects completed within processing time targets:				
	Planning Permit Process	81%	85%	86%	85%
	Building Plan Check Process	79%	85%	78%	85%
	Building Inspection Process	94%	90%	95%	90%
	- within 24 hours	95%	90%	84%	80%
	- within 48 hours	NEW	NEW	98%	100%
	% of process participants rating service "good" or better				
	Planning Permit Process	62%	75%	66%	75%
	Building Plan Check Process	77%	75%	80%	80%
	Building Inspection Process	85%	75%	83%	80%
	% of residents surveyed who rate the quality of architecture and landscape design/maintenance in new development in their neighborhood as good or better				
		70%	75%	72%	75%

*Changes to Performance Measures from 2007-2008 Adopted Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2007-2008 Adopted Budget:

+ Processing time targets measure for Building Inspections was revised to more accurately reflect performance while helping to reduce overtime.

# Community and Economic Development CSA

## Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

### Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of building permits issued	29,704	30,000	26,000	26,000
Number of customers served in Permit Center	45,267	40,000	46,000	46,000
Number of plan checks	6,221	6,200	5,600	5,600
Number of field inspections	200,198	190,000	199,000	190,000
Number of planning applications - Major	588	575	566	575
- Minor	220	160	268	200
Number of planning adjustments	1,178	1,100	1,072	1,100

*Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No*

Development Plan Review & Building Construction Inspection Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 22,796,038	\$ 24,921,636	\$ 24,907,578	\$ 23,825,571	(4.4%)
Non-Personal/Equipment	1,085,885	2,352,147	1,529,491	1,611,817	(31.5%)
<b>Total</b>	<b>\$ 23,881,923</b>	<b>\$ 27,273,783</b>	<b>\$ 26,437,069</b>	<b>\$ 25,437,388</b>	<b>(6.7%)</b>
<b>Authorized Positions</b>	<b>212.95</b>	<b>223.95</b>	<b>208.15</b>	<b>198.65</b>	<b>(11.3%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

# Community and Economic Development CSA

## Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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#### SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY

<b>1. Building Fee Program</b>	<b>(13.13)</b>	<b>(1,601,631)</b>	<b>(1,601,631)</b>
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To respond to projected activity levels, achieve agreed upon cycle time and quality standards, and bridge the gap between anticipated revenues of \$21.0 million and base expenditures of \$27.8 million, several actions were approved. A 10% increase to existing fees (\$2.1 million), reinstatement of the Temporary Certificate of Occupancy fee which was eliminated in 2005-2006 (\$250,000), adjustments to the commercial/industrial hourly rates (\$500,000); and use of a portion of the fee reserve (\$1,623,746). It is anticipated that even with this approved commercial/industrial hourly rate change, the cost to the customer will still be less than the fees assessed prior to this model change in 2006-2007.

A total of 16.69 positions (13.29 in PBCE, 2.0 in the Office of Economic Development and 1.0 in Information Technology) were approved to either be eliminated or reallocated to Planning (1.39) or Fire (1.4) Fee Programs and from the General Fund (0.10) to the Building Fee Program. The position approved for reallocation appears in the Strategic Support Core Service. The positions (12.0) approved for elimination in PBCE include: Staff Technician, Senior Office Specialist, Associate Architect, 3.0 Supervising Building Inspector, 4.0 Building Inspector, Planner, and Permit Specialist). In addition, a \$200,000 reduction to Non-Personal/Equipment was approved. Offsetting these reductions is funding for Building's portion of a FileNet database upgrade (\$90,000). (Ongoing savings: \$1,691,631)

#### Performance Results:

**Cycle Time** It is anticipated that performance levels may decrease with proposed reductions, but every attempt will be made to achieving approved performance targets of completing 80% of scheduled inspections within 24-hours and completing 100% of scheduled inspections within 48 hours, as well as completing 85% of building plan check within committed project cycle times. **Cost** To move closer to full cost recovery, PBCE has included fee changes as discussed previously in order to match projected development activity.

<b>2. Telephone Communications Cost Efficiencies</b>	<b>(42,674)</b>	<b>(42,674)</b>
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This action will generate ongoing city-wide telephone communications cost savings totaling \$332,000 (\$152,000 in the General Fund). The cost savings in the Planning, Building and Code Enforcement Department in the community Code Enforcement Core Service is \$42,674. These reductions are made possible by efficiencies resulting from the routing of phone calls over combined voice/data lines over the internet, a technology known as Voice over Internet Protocol (VoIP) that is more cost efficient rather than traditional phone systems that route calls over existing phone lines. Savings are also being achieved through lower departmental call levels. (Ongoing savings: \$42,674)

#### Performance Results:

No changes to current service levels are anticipated with this reduction due to the technology efficiencies of VoIP.

# Community and Economic Development CSA

## Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

### Budget Changes By Core Service (Cont'd.)

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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#### SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)

##### 3. Central Service Yard Consolidation (5,000) (5,000)

This action generates city-wide vehicle maintenance and operations cost savings totaling \$291,925 (\$237,914 in the General Fund), resulting from the approved relocation and consolidation of both the Fire and West Yard fleet maintenance operations to the Central Service Yard. As a result of these consolidations, efficiencies will be realized, which will enable the Department to reduce costs without impacting service levels. Three vacant positions in the General Services Department (1.0 Equipment Mechanic Assistant, 1.0 Mechanic, 1.0 Assistant Fire Mechanic) were approved to be eliminated. In order to maximize remaining resources and ensure that the consolidation does not deteriorate service levels, the General Services Department will institute a swing shift. In order to meet supervision needs of the swing shift, the addition of a Senior Mechanic position was also approved. The cost savings in the Planning, Building and Code Enforcement Department, Development Plan Review and Building Construction Inspection Core Service is \$5,000. (Ongoing savings: \$5,000)

#### Performance Results:

No impacts to current performance levels are anticipated as a result of this proposal.

##### 4. Planning Fee Program 2.63 338,718 338,718

This action balances revenues and base expenditures of \$6.7 million in the Planning Fee Program, including increased revenues to meet increases in activities. It includes ongoing actions funded by a 7% increase to fees (\$438,480), the reallocation of 1.5 Planners (from annexation work and a previously funded General Fund process improvements Planner added in 2007-2008), and reassignment of 2.29 positions from the General Fund (0.90) and the Building Fee Program (1.39). The positions approved for reallocation appear in the Strategic Support Core Service. Offsetting these reductions is funding for Planning's portion of a FileNet database upgrade (\$40,000) and establishment of a Works-in-Progress Reserve (\$335,463) in the City-Wide General Fund Capital, Transfers, Reserves section of this document. (Ongoing costs: \$298,718)

#### Performance Results:

**Cycle Time** Additional resources will allow Planning Initial Comments Mailed within 30 days to remain at 85%. **Cost** To move closer to full cost recovery, PBCE has included fee changes as discussed previously in order to match projected development activity.

# Community and Economic Development CSA

## Core Service: Development Plan Review & Building Construction Inspection *Planning, Building and Code Enforcement Department*

### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
<b>SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)</b>			
<b>5. Green Building Program Planner</b>	<b>1.00</b>	<b>110,906</b>	<b>43,554</b>
The addition of a Planner position to continue to review development projects at the entitlement phase of the Green Building Program was approved. This position, which was added in 2007-2008 on a one-time basis, will become the Green Building expert for Planning, Building and Code Enforcement and will train other project managers, review new projects and process entitlements to ensure that green building principles are incorporated during project planning. The position will be funded by a combination of Environmental Services Department's funds and the Planning Fee Program. (Ongoing costs: \$110,906)			
<b>Performance Results:</b>			
<b>Cost</b> The continuation of a Green Building Program to educate the public and staff on the benefits of green design techniques, reusing materials and reducing waste will eventually reduce the overall operating costs of facilities.			
<b>6. Rebudget: Building and Planning Fee Programs Efficiency and Service Improvements</b>		<b>200,000</b>	<b>200,000</b>
The rebudget of unexpended 2007-2008 funds will allow the Department to complete Contractual Plan Check contracts (\$100,000), FileNet Upgrade (\$90,000), and Address Database Update (\$10,000). (Ongoing costs: \$0)			
<b>Performance Results:</b> N/A (Final Budget Modification)			
<b>2008-2009 Adopted Core Service Changes Total</b>	<b>(9.50)</b>	<b>(999,681)</b>	<b>(1,067,033)</b>



# Community and Economic Development CSA

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## Core Service: Fire Safety Code Compliance *Fire Department*

### Core Service Purpose

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**M**inimize loss of life and property from fires and hazardous materials releases. Provide on-site code inspections and code plan review services to the City of San José business community and residents in the San José service area, resulting in a fire and chemical safe environment.

#### Key Operational Services:

☐ Engineering (Development Review)

☐ Hazardous Materials (Development Review)

### Performance and Resource Overview

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**T**he goal of the Fire Safety Code Compliance core service is to enforce the Fire and Health and Safety Codes. This goal is attained through customer education during the plan review consultations, inspection process, and enforcement. This core service contributes to the Community and Economic Development (CED) City Service Area outcome “*Safe, Healthy, Attractive and Vital Community*”.

The City-adopted California Fire Code requires inspections of all new and tenant-improvement construction related to fire and life safety. Site inspections prior to construction are required to ensure adequate water supply and fire apparatus access. The Fire Department, in cooperation with its development services partners, the Planning, Building and Code Enforcement and Public Works departments, continues with efforts to streamline the development permit and plan check review process and provide customers with greater support to facilitate the permitting process.

#### Fire Fee Program Cost Recovery Status

By City Council policy, Fire Fee Program revenues should recover 100% of costs. In 2007-2008, the Fire Fee Program is estimated to meet cost recovery goals while maintaining service levels. Fire’s Development Services Fee Program for 2008-2009 balances revenues and expenditures projected at \$6.1 million. The program funds increased resources as required to address strong activity levels. This budget includes a 4% increase to development fees, generating \$220,000 in additional revenue, and one-time use of reserves (\$367,620), as discussed later in this core service.

#### Development Fee Program Performance

New Development Fee Program activity in 2007-2008 experienced higher plan check levels than that achieved in 2006-2007. In 2006-2007, additional resources were approved to improve permitting cycle times and to support the Industrial Tool Installation Program. The hiring of these

# **Community and Economic Development CSA**

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## **Core Service: Fire Safety Code Compliance** *Fire Department*

### **Performance and Resource Overview (Cont'd.)**

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#### **Development Fee Program Performance (Cont'd.)**

new Engineers in March 2007 contributed to improved performance for Fire Plan Check processing cycle time targets, from 71% actual year-end performance in 2006-2007 to an estimated 74% completed within targeted cycle times in 2007-2008. As the new Engineers become familiar with development processes, performance is expected to continue to improve. A limit-dated Associate Engineer position is included in this budget to relieve Senior Engineers of plan check/inspection workload. Due to staffing changes and increased activity in 2007-2008, Senior Engineers have assumed more of the plan check and inspection workload, limiting their ability to monitor quality of output and consistency of work products. The addition of an Associate Engineer will enable Senior Engineers to perform quality control, quality improvement, mentoring of staff, and allow for development of internal standards for consistency.





Cycle time performance for fire inspections within 24 hours is exceeding targeted levels at 95% in 2007-2008. This is above the 85% target, and well above 2006-2007 actual performance of 68%. This improvement is attributed to the impact of three Associate Engineers added in 2006-2007 that are now hired, trained, and performing inspections.

The Fire Department is completing a Business Plan for all inspection and engineering programs. The Business Plan will enable program management to define resource allocation and identify triggers for adjusting staffing as activity levels fluctuate to maintain targeted performance and cost recovery levels.

# Community and Economic Development CSA

## Core Service: Fire Safety Code Compliance Fire Department

### Performance and Resource Overview (Cont'd.)

Fire Safety Code Compliance Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
 % of projects that receive thorough, complete and consistent processing in the first cycle of the staff review process - Fire Plan Check - Inspections	N/A*	90%	N/A*	90%
	N/A*	85%	N/A*	85%
 Ratio of estimated current year fee revenue to fee program cost**	123%**	100%	100%	100%
 Selected cycle time measures for Development services: - Fire Plan Check processing targets met - Fire inspections within 24 hours	71%	100%	74%	100%
	68%	85%	90%	85%
 % of Development process participants rating service as good or excellent	71%	85%	81%	85%

*Changes to Performance Measures from 2007-2008 Adopted Budget: No*

\* Due to staffing constraints, Senior Engineers designated to provide the additional review that would identify the "percent of projects that receive thorough, complete, and consistent processing in the first cycle of staff review" focused instead on plan check and inspections to meet customer needs. Insufficient data is available, but should be in place in 2009-2010.

\*\* Variance due to savings from vacant positions and rebudgeted vehicle and consultant funds. Revenues that exceed program costs are allocated to the Fire Fee Reserve in the Annual Report following a year-end reconciliation of actual revenues to costs.

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Plan Reviews Performed	5,206	4,800	4,300	4,300
Inspections Performed	6,882	6,700	6,400	6,700

*Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No*

# Community and Economic Development CSA

## Core Service: Fire Safety Code Compliance *Fire Department*

### Performance and Resource Overview (Cont'd.)

Fire Safety Code Compliance Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 2,251,598	\$ 2,800,647	\$ 3,191,661	\$ 3,373,392	20.5%
Non-Personal/Equipment	73,156	151,114	85,114	155,314	2.8%
<b>Total</b>	<b>\$ 2,324,754</b>	<b>\$ 2,951,761</b>	<b>\$ 3,276,775</b>	<b>\$ 3,528,706</b>	<b>19.5%</b>
<b>Authorized Positions</b>	<b>21.50</b>	<b>21.40</b>	<b>21.40</b>	<b>22.40</b>	<b>4.7%</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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#### SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY

##### 1. Fire Development Fee Program 1.00 250,566 250,566

This action balances revenues and expenditures projected at \$6.1 million in the Fire Development Fee Program, including increased resources to meet increases in activities funded by a 4% fee increase (\$220,000) and one-time use of reserves (\$367,620). The addition of a limit-dated Associate Engineer position (\$140,566) through 2009-2010 will provide capacity for the two supervising Senior Engineers to perform quality control and develop internal standards and training for improved consistency in plan check and inspections. One-time actions include overtime to increase staffing capacity during peak periods (\$70,000), the Fire Department's portion of a FileNet database upgrade (\$40,000), and various staff funding shifts from the Building Fee Program. These one-time funding shifts (1.0 Information Systems Analyst at \$195,000, 0.20 Senior Analyst at \$33,000, and 0.20 Senior Analyst at \$32,000) will help address technology and performance data projects. Other components of this action such as a shift in positions from Fire's non-development fee program are displayed in the Fire Department Strategic Support - Community and Economic Development CSA and Strategic Support - Public Safety CSA sections of this document. (Ongoing costs: \$128,144)

#### Performance Results:

**Cost** These actions balance revenue and expenditures to achieve full cost recovery. **Quality** The percent of projects that receive thorough, complete and consistent processing in the first cycle of the staff review process is expected to improve.

# Community and Economic Development CSA

## Core Service: Fire Safety Code Compliance *Fire Department*

### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
<b>SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)</b>			
<b>2. Police/Fire Retirement Rate Adjustment</b>		<b>1,365</b>	<b>1,365</b>
This technical adjustment increases Fire's Personal Services appropriation in the Fire Safety Code Compliance Core Service by \$1,365 to reflect adjusted City contribution rates for the Police/Fire Retirement Plan. Subsequent to the release of the 2008-2009 Proposed Operating Budget, the Police/Fire Retirement Board approved retirement rates for retiree health that were higher than what was assumed in the development of the Proposed Operating Budget. The total increase in the Fire Department is \$219,638, with adjustments also displayed in the Fire's other core services in this city service area and in the Public Safety City Service Area. (Ongoing cost: \$1,365)			
<b>Performance Results:</b> No changes to current service levels are anticipated as a result of this action.			
<b>2008-2009 Adopted Core Service Changes Total</b>	<b>1.00</b>	<b>251,931</b>	<b>251,931</b>

# Community and Economic Development CSA

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## Core Service: Increase the Affordable Housing Supply *Housing Department*

### Core Service Purpose

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**P**rovide funding and technical assistance for the creation of new affordable housing and homebuyer assistance.

#### Key Operational Services:

☐ Make Loans to Developers

☐ Provide Homebuyer Assistance

### Performance and Resource Overview

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**T**his core service increases the supply of affordable housing by funding the construction of new housing units and by improving homeownership opportunities for San José residents. In the construction program, low-interest gap loans are provided to housing developers for the construction of rental housing projects that are affordable to households with extremely low- to low-incomes. The homeownership program, which includes the Teacher Homebuyer Program, provides assistance by providing down payment assistance and second mortgages as well as working in partnership with a number of organizations to serve San José residents seeking homeownership opportunities.

In 2007, the City Council adopted a Five-Year Housing Investment Plan which sets the goal of producing 2,250 newly constructed affordable units from 2007-2008 through 2011-2012. The Five-Year Housing Investment Plan also places increased emphasis on funding more extremely low income (ELI) and special needs units. To help support this effort, this budget includes the addition of ongoing contractual funding. This funding will also be used to support land acquisition projects as well as implement green building efforts.

In June 2007, the City Council and Redevelopment Agency Board approved amendments to the Inclusionary Housing Policy which included a revised inclusionary fee structure. This is expected to provide an additional source of revenue of over \$5 million in its housing production efforts in 2007-2008. Inclusionary fee revenue is expected to increase significantly in 2008-2009 as housing projects in North San José begin construction. In total, the Housing Department expects to utilize over \$90 million in various revenue sources to finance the construction of new affordable housing units in 2008-2009.





The Teacher Homebuyer Program (THP) provides loans of up to \$65,000 to teachers in San José schools to assist them in purchasing homes. In 2008-2009, the Housing Department will fund the program with \$3.0 million, providing up to 46 new loans. In addition, the Department of Housing and San José State University (SJSU) Spartan Shops will extend their commitment to SJSU faculty and staff through the SJSU Faculty and Staff Homebuyer Program (FSHP). Prior to 2007-2008, this program was available only to tenure-track teachers. In 2008-2009, the program will be jointly funded with a new \$1.0 million, and is expected to assist approximately 17 new households to

# Community and Economic Development CSA

## Core Service: Increase the Affordable Housing Supply Housing Department

### Performance and Resource Overview (Cont'd.)

purchase homes in San José. Operating under guidelines similar to the THP, this pilot program has already assisted eight households with loans of up to \$60,000 each, three to faculty and five to staff to date.

Increase the Affordable Housing Supply Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
 % of annual target achieved for production of affordable housing	NEW	100% (607)	100% (750)	100% (550)
 % of annual target achieved for homebuyer clients assisted	NEW	100% (353)	28% (100)	100% (440)
 Cumulative ratio of non-City funds to City funds over the last five years in the New Construction Program	2.5:1	3.0:1	2.70:1	3.00:1
 % of homebuyer clients (approved or denied) satisfied or very satisfied with the programs based on overall service	96.5%	90%	100%	95%

*Changes to Performance Measures from 2007-2008 Adopted Operating Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2007-2008 Adopted Budget:

✕ “% of new construction units completing construction within 36 months of initial funding commitment” was deleted as this measure did not reflect a part of the process within the Housing Department’s control.

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of homebuyers assisted:				
-Teacher Program	52	70	38	48
-SJSU Program	NEW	NEW	10	15
-Project-Based homebuyer assistance	NEW	NEW	2	88
-Inclusionary Units	92	243	35 <sup>2</sup>	126
-Other City Efforts	52	40	15	163
Total <sup>3</sup>	196	353	100	440
Number of affordable housing units completed in the fiscal year	1,734	607	750	550
Average per-unit subsidy in funding commitments for new construction projects (\$)	71,400	90,000	65,000	90,000

*Changes to Activity & Workload Highlights from 2007-2008 Adopted Operating Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget:

↳ “Number of homebuyers assisted” was revised to further breakdown homebuyers assisted in new City Homebuyer programs.

<sup>2</sup> Due to changes in the housing market, these units did not materialize because of delayed construction, an inability to sell, and other market factors.

<sup>3</sup> Many homebuyers take advantage of multiple homebuyer programs, which overstates the total number of homebuyers assisted.

# Community and Economic Development CSA

## Core Service: Increase the Affordable Housing Supply *Housing Department*

### Performance and Resource Overview (Cont'd.)

Increase the Affordable Housing Supply* Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Core Service Budget **</b>					
Personal Services	\$ 1,018,007	\$ 1,165,324	\$ 1,233,978	\$ 1,233,978	5.9%
Non-Personal/Equipment	158,509	148,827	149,827	446,827	200.2%
<b>Total</b>	<b>\$ 1,176,516</b>	<b>\$ 1,314,151</b>	<b>\$ 1,383,805</b>	<b>\$ 1,680,805</b>	<b>27.9%</b>
<b>Authorized Positions</b>	<b>9.35</b>	<b>9.35</b>	<b>10.00</b>	<b>10.00</b>	<b>7.0%</b>

\* In 2006-2007, the Increase the Affordable Housing Supply Core Service appeared in the Neighborhood Services CSA.

\*\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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#### DIVERSE RANGE OF HOUSING OPPORTUNITIES

##### 1. Telephone Communications Cost Efficiencies (3,000) 0

This action generates ongoing city-wide telephone communications cost savings totaling \$332,000 (\$152,000 in the General Fund). The cost savings in the Housing Department in the Increase the Affordable Housing Supply Core Service is \$3,000. These reductions are made possible by efficiencies resulting from the routing of phone calls over combined voice/data lines over the Internet, a technology known as Voice over Internet Protocol (VoIP) that is more cost efficient than traditional phone systems that route calls over existing phone lines. Savings are also being achieved through lower departmental call levels. (Ongoing savings: \$3,000)

#### Performance Results:

No changes to current service levels are anticipated with this reduction due to the technology efficiencies of VoIP.



## Community and Economic Development CSA

### Core Service: Increase the Affordable Housing Supply *Housing Department*

#### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
<b>DIVERSE RANGE OF HOUSING OPPORTUNITIES (CONT'D.)</b>			
<b>2. Housing Special Projects Consulting Services</b>		<b>300,000</b>	<b>0</b>
This action provides ongoing contractual funding to support several upcoming Housing special projects. Consulting services will be used to support land acquisition projects, as well as implement green building efforts. Increasing contractual funding will also provide the resources necessary to support the Five-Year Investment Plan, which sets the goal of producing 2,250 newly constructed affordable units from 2007-2008 through 2011-2012. (Ongoing costs: \$300,000)			
<b>Performance Results:</b>			
<b>Quality</b> Increased resources will result in improved ability to achieve housing production goals.			
<b>2008-2009 Adopted Core Service Changes Total</b>		<b>297,000</b>	<b>0</b>

# Community and Economic Development CSA

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## Core Service: Long Range Land Use Planning *Planning, Building and Code Enforcement Department*

### Core Service Purpose

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**D**evelop land use plans and policies to guide the future physical growth of the City.

#### Key Operational Services:

- |  |   |
|--|---|
| <input type="checkbox"/> City-wide Land Use Planning<br>(General Plan) | <input type="checkbox"/> Specific/Area Planning       |
| <input type="checkbox"/> Historic Preservation                         | <input type="checkbox"/> Neighborhood Revitalization  |
|  | <input type="checkbox"/> Policy/Ordinance Development |

### Performance and Resource Overview

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**T**he following are desired outcomes of this core service: a General Plan that is kept relevant and current through the incorporation of approved amendments; a Zoning Code that is clear and current; and land use plans, maps, and documents that are clear, comprehensive, and accessible to customers. This core service contributes to three of the four outcomes of the Community and Economic and Development City Service Area: 1) *Strong Economic Base*, 2) *Safe, Healthy, Attractive and Vital Community*, and 3) *Diverse Range of Housing Options*.

#### Long Range Land Use Planning

The City is engaged in several long range planning projects, including the General Plan Update; implementation of the North San José Vision Strategy; annexations of County pockets; Council-initiated General Plan and policy changes; planning associated with the implementation of Strong Neighborhoods Initiative (SNI); and limited proactive policy and regulatory work to advance the City's adopted Economic Strategy. Each of these activities directly addresses City Council priorities.

This budget includes the elimination of a Planner position and shifts a portion of a Geographic Information Systems (GIS) Specialist on the Data Management team to meet General Fund reduction targets. This elimination will result in a 50% loss in the staff capacity to work on data analysis, map development, and GIS map layer updates. In addition, a limit-dated 1.0 Planner position, which was added to phase in the annexation and pre-zoning of unincorporated islands of up to 150-acres within the City's Urban Service Area, will be reduced to 0.50 as the annexations will now be performed over a five-year instead of three-year period. Staff will continue working on the implementation of the North San José Area Development Policy to facilitate economic, housing and mixed-use development. Reserves will be used to add staff to complete historic survey work, work to protect historic homes in residential neighborhoods, and to participate in the development of the Santa Clara Valley Habitat Conservation Plan.

# **Community and Economic Development CSA**

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## **Core Service: Long Range Land Use Planning** *Planning, Building and Code Enforcement Department*

### **Performance and Resource Overview (Cont'd.)**

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#### **General Plan Update**

The last comprehensive update of San José's General Plan was adopted in 1994. Given the significant growth issues facing the City, another comprehensive update is underway to engage the community in preparing a land use vision to direct future growth while preserving the quality of life in neighborhoods. Preliminary work completed in 2006-2007 included identifying stakeholders, beginning community education, and conducting outreach activities. Formal initiation of the General Plan Update process was approved by City Council in June 2007. In August 2007, the Council approved the membership of the Envision San José Task Force of community members to guide the General Plan Update process. Phase I of this process includes issue identification, vision creation, analysis of existing conditions, development of study alternatives, and evaluation and selection of consultants. To support the General Plan Update, six positions in Planning, Building and Code Enforcement will continue in 2008-2009. Contractual funds (\$2.0 million), paid for by a development fee surcharge, were approved in 2007-2008. The Update is anticipated to be completed in 2009-2010.




#### **Strong Neighborhoods Initiative**

The SNI Team continues to implement planning actions associated with the 19 approved SNI Neighborhood Improvement Plans. Working with the community and property owners, staff will: (1) continue to facilitate community-driven goals and priority actions contained within all 19 Council-accepted SNI Neighborhood Improvement Plans; (2) allow for planning and neighborhood revitalization activities, which consist of data gathering, studies, analyses, and the preparation of comprehensive, community development, neighborhood, and individual project plans and plan amendments located in SNI areas; (3) allow for eligible historic preservation activities, such as studies and surveys, in SNI areas to facilitate the future creation of historic districts, conservation areas, and listing of properties/structures on the City's Historic Resources Inventory; and (4) allow for planning review/analyses activities, and the provision of planning liaison services and support between the SNI Neighborhood Action Coalitions (NACs), SNI community members/stakeholders, the interdepartmental SNI Team, and Planning Staff for a number of proposed individual project plans within SNI areas. In 2008-2009, this group will continue to focus on renewing the action agendas for the SNI Areas and creating action agendas for three new pilot neighborhoods.

# Community and Economic Development CSA

## Core Service: Long Range Land Use Planning Planning, Building and Code Enforcement Department

### Performance and Resource Overview (Cont'd.)

Long Range Land Use Planning Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
 % of special planning efforts completed within targeted cost: Specific/Area Policy Plans:	100%	100%	100%	100%
 % of special planning efforts completed within targeted time: Specific/Area Policy Plans:	0%*	100%	100%	100%
 % of planning process participants rating service as "good" or "excellent"	85%	85%	67%	85%

*Changes to Performance Measures from 2007-2008 Adopted Budget: No*

\* The original timetables for both the Evergreen\*East Hills Vision Strategy (EEHVS) and Coyote Valley Specific Plan (CVSP) had completion scheduled for 2005-2006. EEHVS was completed in 2006-2007 and CVSP was terminated due to lack of outside funding.

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of Scheduled/Completed Specific/Area Policy Plans	1 of 2*	2 of 2	2 of 2	4 of 4
Number of planning policy studies	0 of 0	0 of 0	1 of 1	0 of 0
Number of General Plan Amendments	26	25	14	12

*Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No*

\* The original timetables for both the Evergreen\*East Hills Vision Strategy (EEHVS) and Coyote Valley Specific Plan (CVSP) had completion scheduled for 2005-2006. EEHVS was completed in 2006-2007 and CVSP was terminated due to lack of outside funding.

# Community and Economic Development CSA

## Core Service: Long Range Land Use Planning *Planning, Building and Code Enforcement Department*

### Performance and Resource Overview (Cont'd.)

Long Range Land Use Planning Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 2,431,985	\$ 2,858,004	\$ 2,979,626	\$ 2,828,658	(1.0%)
Non-Personal/Equipment	161,922	509,744	355,090	561,735	10.2%
<b>Total</b>	<b>\$ 2,593,907</b>	<b>\$ 3,367,748</b>	<b>\$ 3,334,716</b>	<b>\$ 3,390,393</b>	<b>0.7%</b>
<b>Authorized Positions</b>	<b>35.95</b>	<b>36.95</b>	<b>31.75</b>	<b>31.25</b>	<b>(15.4%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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#### SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY

##### 1. Special Long Range Planning Efforts (1.50) (151,468) (165,245)

This action eliminates a filled Planner position and shifts a portion of a Geographic Systems Specialist (GSS) position to the Sewer Service and Use Charge Fund in the Data Management Team. In addition, a limit-dated 1.0 Planner position which was added to phase in, over three years, the annexation (and rezoning) of unincorporated islands (areas that are entirely or predominantly surrounded by annexed territory of the City of San José) of up to 150-acres within the City of San José Urban Service Area, can be reduced to 0.50. As the annexations will now be performed over a five-year period, the Planner position can be reduced by 0.50 and reallocated to the Planning Fee Program in the Development Plan Review & Building Construction Inspection Core Service. With this approved elimination and funding reallocation for the GSS, only 1.25 Senior Planner positions and 0.4 GSS in the General Fund will remain for long range planning efforts. Currently the Senior Planner is busy dealing with North San José, BART and annexation related issues. The elimination of the Planner position will result in a 50% loss in the staff capacity to work on data analysis, map development, and GIS map layer updates. (Ongoing savings: \$151,468)

#### Performance Results:

**Cycle Time** Timely updates to the City's addressing information will be reduced and will result in longer response times on long range planning issues.

# Community and Economic Development CSA

## Core Service: Long Range Land Use Planning *Planning, Building and Code Enforcement Department*

### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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#### SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)

<b>2. Telephone Communications Cost Efficiencies</b>		<b>(2,855)</b>	<b>(2,855)</b>
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This action will generate ongoing city-wide telephone communications cost savings totaling \$332,000 (\$152,000 in the General Fund). The cost savings in the Planning, Building and Code Enforcement Department in the Long Range Core Service is \$2,855. These reductions are made possible by efficiencies resulting from the routing of phone calls over combined voice/data lines over the internet, a technology known as Voice over Internet Protocol (VoIP) that is more cost efficient rather than traditional phone systems that route calls over existing phone lines. Savings are also being achieved through lower departmental call levels. (Ongoing savings: \$2,855)

#### Performance Results:

No changes to current service levels are anticipated with this reduction due to the technology efficiencies of VoIP.

<b>3. Habitat Conservation Plan/ Historic Resources Efforts</b>	<b>1.00</b>	<b>0</b>	<b>0</b>
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This addition allocates the City's share for the preparation of the Santa Clara Valley Habitat Plan (SCVHP) and 1.0 Planner position to be shared for the SCVHP and Historic Resources Inventory Coordination. In 2004-2005, the City entered into a multi-year inter-agency cost sharing agreement with the County of Santa Clara, VTA, Water District and the cities of Gilroy and Morgan Hill to work with the Fish and Wildlife Service to develop the Santa Clara Valley Habitat Conservation Plan/Natural Community Conservation Plan. This Plan is to be incorporated into the Coyote Valley Specific Plan environmental plan. Previously, costs were funded by developer reimbursements. These costs can be paid for from the Environmental Mitigation (Burrowing Owl) Earmarked Reserve. In addition, 0.5 Planner position to assist in the preparation of a city-wide historical catalog and to develop potential preservation criteria is also included. These costs can be paid for from the Historic Preservation City-Wide allocation. The funding for this position appears in the City-Wide Expenses section of this document. (Ongoing costs: \$0)

#### Performance Results:

**Quality/Customer Satisfaction** A Santa Clara Valley Habitat Conservation Plan/Natural Community Conservation Plan and inventory of historical resources will provide development applicants and the City Council with a framework for land use investments and decisions for the Coyote Valley habitat and more certainty to the development community while addressing the needs of the preservation community.

# Community and Economic Development CSA

## Core Service: Long Range Land Use Planning *Planning, Building and Code Enforcement Department*

### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
<b>SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)</b>			
4. Rebudget: Neighborhood Revitalization and Sign Code Update		210,000	210,000
The rebudget of unexpended 2007-2008 funds will allow for the support of Neighborhood Revitalization efforts (\$60,000) and Sign Code Update efforts (\$150,000). (Ongoing costs: \$0)			
<b>Performance Results: N/A (Final Budget Modification)</b>			
<b>2008-2009 Adopted Core Service Changes Total</b>	<b>(0.50)</b>	<b>55,677</b>	<b>41,900</b>

# Community and Economic Development CSA

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## Core Service: Maintain the Existing Affordable Housing Supply *Housing Department*

### Core Service Purpose

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**T**his core service provides rehabilitation loans and grants and construction oversight to extend the useful life of affordable housing, including single-family homes, mobile homes and multi-family buildings. In addition, this core service provides loan servicing and portfolio oversight to protect the City's investments, ensures the affordable units remain affordable, provides Rental Dispute services to community residents to ensure rent increases are controlled, and assists clients with eviction notices.

#### Key Operational Services:

- ☐ Loan Compliance and Collections
- ☐ Rental Rights and Referral Services
- ☐ Housing Rehabilitation

### Performance and Resource Overview

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**M**aintaining the existing supply of affordable housing involves three distinct activities. The first is the physical maintenance of buildings to extend their life, including both small-scale rehabilitation of single-family homes, multi-family apartments, and mobilehome units and the acquisition/rehabilitation of large apartment complexes. The second is providing assistance to renters and rental property owners through the Rental Rights and Referrals Program. The third is ensuring that housing units subject to long-term affordability restrictions remain affordable and well maintained for the term of the restriction and safeguarding City assets through management and collection of loans.

#### Housing Rehabilitation

The City offers a number of programs to San José residents and property owners seeking to maintain and/or improve the condition of their properties. These programs currently provide low-interest or interest-free loans or grants to low-income homeowners to perform critical repairs from replacing substandard systems such as bathrooms, kitchens, roofs, and hot water systems to removing lead based paint and providing new exterior paint.

The housing rehabilitation program continues to be a critical component of the partnership between the City and the Strong Neighborhoods Initiative (SNI) communities to revitalize neighborhoods. The program will continue to provide loans and grants and construction oversight to extend the useful life of affordable housing, including single-family homes, mobile homes, and special SNI Rehabilitation Multi-family projects. In addition, in 2008-2009 the program will continue to leverage outside resources and pursue environmental friendly and energy efficient products and services to incorporate into all the programs administered. The rehabilitation program is currently shifting emphasis, from providing grants to administering more loans. This policy shift will allow the program to recapture revenue, ensuring long-term program sustainability.



# **Community and Economic Development CSA**

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## **Core Service: Maintain the Existing Affordable Housing Supply** *Housing Department*

### **Performance and Resource Overview (Cont'd.)**

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#### **Housing Rehabilitation (Cont'd.)**

In 2007, the Department implemented the new Minor Repair Program (MRP), funded by the Community Development Block Grant (CDBG) Program. The new program provides property owners with minor, yet critical, emergency repairs and accessibility improvements. Having established direct contracts with service providers such as plumbing, heating and electrical contractors, these services can be provided in a timely and efficient manner. This program will continue to be administered through the rehabilitation program in 2008-2009.

For 2008-2009, \$6.75 million for housing rehabilitation projects is programmed, with funding from the following sources: Low- and Moderate-Income Housing (20% Tax Increment) funds (\$2.0 million for rehabilitation and \$1.0 million for paint projects), CDBG (\$2.5 million for rehabilitation and \$500,000 for MRP), and CalHome (\$750,000) funds. In addition, the Department will partner with the San José Redevelopment Agency on several SNI demonstration projects to be funded by the Agency, including Project Alliance which expands the SNI program to newly designated neighborhoods with a total combined budget of over \$900,000.

#### **Rental Rights and Referrals**

The Rental Rights and Referrals Program provides mediation services in cases of tenant/landlord disputes, and information and referrals to tenants and landlords on their rights and responsibilities. Due to changes in housing market conditions, the Department has seen a steady increase in program usage. As rental vacancy rates decrease, more mediation services are needed to resolve tenant/landlord disputes. As a result of a re-evaluation of program costs and fee revenues, a new fee structure for this program was brought forward in the 2008-2009 Fees and Charges Report. The new fee structure is designed to ensure that each segment of the program is self-sustaining. For 2008-2009, the following rates were adopted: rent-controlled apartments (\$7.26 annually per apartment), mobilehomes (\$13.82 annually per mobilehome space) and non-rent controlled apartments (\$0.80 annually per apartment).









#### **Loan Compliance and Collections**

The Housing Department has a portfolio of over \$500 million in loans for multi-family affordable housing projects, rehabilitation loans to low-income homeowners and homebuyer loans to low- and moderate- income households. The loans are monitored for compliance with the terms of the loans and the payment schedules. The Loan Compliance Unit ensures that affordable housing projects are properly managed and maintained, and that they are kept affordable to low- and moderate-income residents. The Loan Collections Unit ensures that housing loan payments are paid in a timely manner, and takes the necessary enforcement action when financial, regulatory or contractual obligations are not met. The loan repayments are then made available for other housing projects.

# Community and Economic Development CSA

## Core Service: Maintain the Existing Affordable Housing Supply Housing Department

### Performance and Resource Overview (Cont'd.)

Maintain the Existing Affordable Housing Supply Performance Summary		2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
	Monetary default rate of loan portfolio by category:				
	% of total loan principal:				
	1. Project Loans	0.77%	<4%	0%	<4%
	2. Rehabilitation Loans	0.03%	<4%	<4%	<4%
	3. Homebuyer Loans	0.00%	<1%	<1%	<1%
	% of total loans:				
	4. Project Loans	1.32%	<4%	0%	<4%
	5. Rehabilitation Loans	2.00%	<4%	<4%	<4%
	6. Homebuyer Loans	0.00%	<1%	<1%	<1%
	% of tenant/landlord mediations that resulted in mutual agreement	NEW	65%	60%	65%
	% of small rehabilitation projects completed within 6 months of approval	33%	75%	50% <sup>1</sup>	65%
	% of all non-mobile home rehabilitation project funds approved within SNI neighborhoods	53%	75%	60%	60%
	% of all rehab program funds that are loaned versus granted	43%	25%	35%	50%
	% of rehabilitation, mobile home, and paint-grant clients satisfied or very satisfied based on overall service	94%	90%	85%	90%
	% of loan management clients satisfied or very satisfied based on overall service	100%	90%	90%	95%
	% of project occupants rating units good or excellent based on value, project amenities and maintenance	67%	75%	75%	75%

*Changes to Performance Measures from 2007-2008 Adopted Operating Budget: No*

<sup>1</sup> Due to a federal (CalHOME) large rehabilitation project deadline, staff focused less on small rehabilitation projects, and more on large rehabilitation projects.

# Community and Economic Development CSA

## Core Service: Maintain the Existing Affordable Housing Supply Housing Department

### Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of rehabilitation projects completed				
1. Rehabilitation projects	68	175	110	125
2. Paint projects	0	75	25	250
3. Mobile home projects	187	100	190	175
Total:	255	350	325	550
Number of rehabilitation applications approved or cancelled				
1. Rehab, conventional homes	62	85	130	150
-Non-SNI neighborhoods	56	75	75	60
2. Mobile home projects	205	100	200	200
3. Paint projects	0	75	25	275
Total:	323	335	430	685
Number of Rehabilitation Program pre-application inspections	386	300	400	350
Size of Housing Department loan portfolio by category:				
Total loan principal (\$):				
1. Project Loans	467,473,199	494,000,000	521,000,000	585,000,000
2. Rehabilitation Loans	15,436,718	16,285,670	16,633,801	18,900,000
3. Homebuyer Loans	42,876,309	42,948,100	43,193,000	56,000,000
Total	525,786,226	553,233,770	580,829,801	659,900,000
Total number of loans:				
4. Project Loans	152	155	161	178
5. Rehabilitation Loans	421	456	461	490
6. Homebuyer Loans	753	877	884	1,284
Total	1,326	1,488	1,506	1,952
Number of Loan Management transactions (refinances, subordinations, assumptions)	1,612	400	411 <sup>2</sup>	470
Number of major projects in loan portfolio inspected	1,369	1,200	130 <sup>3</sup>	132 <sup>3</sup>
Number of unduplicated Rental Rights & Referrals program clients	1,637	1,700	1,900	2,000

*Changes to Activity & Workload Highlights from 2007-2008 Adopted Operating Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget:

☪ “Number of units inspected on major projects in loan portfolio” was revised to “Number of major projects in loan portfolio inspected.” Tracking the number of projects has proven to be a more useful measure.

<sup>2</sup> Prior to 2007-2008, loan inquiries were included in the transaction count. In 2007-2008, loan inquiries were no longer included in the transaction count.

<sup>3</sup> As of 2007-2008, this measure will reflect the total number of projects (not unit count), which is why the number appears lower.

# Community and Economic Development CSA

## Core Service: Maintain the Existing Affordable Housing Supply *Housing Department*

### Performance and Resource Overview (Cont'd.)

Maintain the Existing Affordable Housing Supply* Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adotped 4	% Change (2 to 4)
<b>Core Service Budget **</b>					
Personal Services	\$ 3,027,574	\$ 3,639,622	\$ 3,672,005	\$ 3,672,005	0.9%
Non-Personal/Equipment	207,734	499,510	557,010	495,010	(0.9%)
<b>Total</b>	<b>\$ 3,235,308</b>	<b>\$ 4,139,132</b>	<b>\$ 4,229,015</b>	<b>\$ 4,167,015</b>	<b>0.7%</b>
<b>Authorized Positions</b>	<b>31.20</b>	<b>33.20</b>	<b>32.15</b>	<b>32.15</b>	<b>(3.2%)</b>

\* In 2006-2007, the Maintain the Existing Affordable Housing Supply Core Service appeared in the Neighborhood Services CSA.

\*\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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#### DIVERSE RANGE OF HOUSING OPPORTUNITIES

##### 1. Telephone Communications Cost Efficiencies (22,000) 0

This action generates ongoing city-wide telephone communications cost savings totaling \$332,000 (\$152,000 in the General Fund). The cost savings in the Housing Department in the Maintain the Existing Housing Supply Core Service is \$22,000. These reductions are made possible by efficiencies resulting from the routing of phone calls over combined voice/data lines over the Internet, a technology known as Voice over Internet Protocol (VoIP) that is more cost efficient than traditional phone systems that route calls over existing phone lines. Savings are also being achieved through lower departmental call levels. (Ongoing savings: \$22,000)

#### Performance Results:

No changes to current service levels are anticipated with this reduction due to the technology efficiencies of VoIP.

## Community and Economic Development CSA

**Core Service: Maintain the Existing Affordable Housing Supply**  
*Housing Department*

### Budget Changes By Core Service (Cont'd.)

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
<b>DIVERSE RANGE OF HOUSING OPPORTUNITIES (CONT'D.)</b>			
<b>2. Housing Department Non-Personal/Equipment Funding Efficiencies</b>		<b>(40,000)</b>	<b>0</b>
This action reduces the Non-Personal/Equipment funding allocation in the Low- and Moderate-Income Housing Fund for the Housing Department. This reduction represents 3.5% of the Department's total Non-Personal/Equipment Appropriation. As a result of this reduction, the Department will need to prioritize expenditures for supplies and materials. (Ongoing savings: \$40,000)			
<b>Performance Results:</b> No changes to service levels are anticipated with this reduction.			
<b>2008-2009 Adopted Core Service Changes Total</b>		<b>(62,000)</b>	<b>0</b>

# Community and Economic Development CSA

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## Core Service: Outdoor Special Events *City Manager – Office of Economic Development*

### Core Service Purpose

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**T**o attract, coordinate, support and produce outdoor special events on public and private property, and manage supporting programs.

#### Key Operational Services:

- |   |   |
|---|---|
| <input type="checkbox"/> Attract/Recruit New Signature Special Events | <input type="checkbox"/> Support Development/Improvement of Existing Special Events |
| <input type="checkbox"/> Coordination and Support for Special Events  | <input type="checkbox"/> Development/Enforcement of Event Policies/Guidelines       |
| <input type="checkbox"/> Special Event Development and Production     | <input type="checkbox"/> Special Event Grant Support                                |

### Performance and Resource Overview

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**T**he Outdoor Special Events core service supports the *Strong Economic Base and Range of Quality Events, Cultural Offerings, and Public Artworks* outcomes in the Community and Economic Development City Service Area. Housed in the Office of Cultural Affairs (OCA), a division of the Office of Economic Development, this core service supports the recruitment, production, and attraction of new “signature” special events to drive economic impact and enhance community vitality; oversees all special event planning; coordinates the delivery of services from multiple City departments to support events; permits and authorizes special events on public and private property throughout the City; develops policies, regulations, and ordinances related to special events; takes a lead role in event sponsorship development; administers a special events grant program; and is a key participant in planning new or improved outdoor event venues.

The Special Events Program continues to expand the City’s level of planning and coordination services for increasingly complex “signature” events. Three signature events were held in 2007-2008 - *ZeroOne San José Festival* in August 2007, *Rock ‘n’ Roll Half Marathon* in October 2007, and the *Amgen Tour of California* in February 2008. The second annual *Rock ‘n’ Roll Half Marathon* increased attendance over 2006, bringing thousands of runners - professional and amateur - from around the world. The second biennial *ZeroOne San José (“01SJ”) Festival* in June 2008 transformed indoor and outdoor Downtown venues into showcases for San José’s international leadership in the creative intersection of art and technology. Event teams, consisting of staff from multiple City departments, worked directly with event producers, Downtown business venues, and affected neighborhood groups to successfully launch the *01SJ* event components.

The Special Events Program also designs and produces City events on an as-needed basis, such as the February 2008 *Webcor San José King of the Mountain Ride*, which more than doubled registration over 2007. The Program developed and administered the first cost-neutral agreement with *Cirque du Soleil* for use of the City’s Taylor Street lot in early 2008. OCA staff led a cross-departmental team

# Community and Economic Development CSA

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## Core Service: Outdoor Special Events *City Manager – Office of Economic Development*

### Performance and Resource Overview (Cont'd.)

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including General Services, Transportation, Planning, Building and Code Enforcement, Police, Fire, and Environmental Services Departments to fine-tune logistical planning, site preparation, operational planning, and community outreach for this three-month, 60-show presentation of “Kooza.” The Program also assists local and national event producers on a regular basis, by consulting on a broad range of event planning issues.

A key challenge for this core service is the number, size, and complexity of events and how to incorporate them into the community, while maintaining normal business activity and neighborhood activity. Community outreach and business coordination has become a main function of the Special Events Program. Extensive community outreach is required for large-scale signature events such as the *Amgen Tour of California* and *Rock ‘n’ Roll Half Marathon*, which are conducted on miles of City streets running through neighborhoods and business districts. In the case of the *Amgen Tour of California*, OCA staff developed a holistic approach to residential concerns, working closely with the County of Santa Clara to address the *Tour’s* use of County roads adjacent to San José. The implementation of the Customer Service Voicemail, through which the public can solicit event information around the clock with a 24-hour staff response time, and the focused distribution of event information, including traffic impacts, through the U.S. Postal Service, are the service standards for all signature events. These two methods of communication have been an extremely effective tool for both the community and event promoters.

Many outdoor special events using City streets and parks require City services during the event (traffic control, safety equipment in the streets, fire inspections, electrical services, etc.). These costs are essentially the “venue” costs for use of public property. Under the City’s cost recovery policy, any additional cost to the City for staff and equipment is passed to the event producer (staff working their normal shifts are not charged to the event producer). The City also elects, from time to time, to enter into agreements with “signature” events in order to establish key events in the community and drive economic impact, in return for some level of City support.

A significant change is projected in 2008-2009 for the performance measure, “Net cost of City services per 1,000 event attendees.” The sharp decrease in the net cost to the City is primarily the result of cessation of the *San José Grand Prix*, and to a small degree, the absence of *ZeroOne San José Festival* (a biennial event) – both of which have been held under agreements with the City. In any case, the Transient Occupancy Tax (TOT) and sales tax revenues, parking fees and other economic impact derived from many outdoor special events far exceeds the net cost of City services.

With the new emphasis on City investment in partnerships that bring significant, large special events – driving hotel room nights and promoting the City nationally and internationally – the Special Events Program staff implemented the Destination Event Marketing Grant, a pilot competitive grant opportunity to transform successful local events into “destination” events. The City’s specific goal in offering these grants was to stimulate an increase in Transient Occupancy Tax and other tax revenues resulting from attendance at cultural events. Grant funding totaled \$200,000, with three multi-year grants awarded to significant, large-scale special events that were deemed capable of achieving the goals of the program – the *San José Jazz Festival*, *Cinequest Film Festival*, and the *San José*

# Community and Economic Development CSA

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## Core Service: Outdoor Special Events *City Manager – Office of Economic Development*

### Performance and Resource Overview (Cont'd.)

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*International Mariachi Festival.* Initial reports after the first year of the grant period indicate that the effort has produced some of the desired outcomes. Final reporting after the completion of the grant period will be reported to the City Council.

This core service also administers the Festival, Parade and Celebration (FPC) Grant Program, an annual competitive program to support events that contribute to the economic enhancement, cultural enrichment, and promotion of the City of San José. For the 2007-2008 FPC grant cycle (conducted in spring 2007), the “multi-year rating” opportunity was offered for the second time. Applicants that met certain criteria could file a simple Declaration to use a previous grant rating, rather than go through the whole application and review process, thus rewarding successful applicants by simplifying the process.

The 2008-2009 FPC grant application and review cycle was conducted in spring 2008. This process brought to light several design elements of the FPC Grant Program that could be improved. A comprehensive review of this grant program will be conducted in coordination with the Arts Grant Program review. It is anticipated that incremental changes to the FPC Grant Program will result, with the first set of revisions anticipated to be presented to City Council in fall 2008 for application in the 2009-2010 grant cycle (to be held in spring 2009), and additional program revisions developed for the 2010-2011 grant cycle.

The Vertical Banner Program, which installs colorful, event-related banners on street light poles throughout the City, provided for the installation of 2,167 banners in 2007-2008, promoting 34 events or activities. One of the current challenges with the Vertical Banner Program is the “overlapping” demand to place event banners in the same locations during the same time periods.

A comprehensive, informative special event website was launched in 2007-2008. Event organizers, vendors, and the general public can obtain information about outdoor special events occurring in San José, as well as detailed information about the event application process. Continued improvement is planned for the website to include updated, to-scale drawings of many of the areas used by event organizers for Downtown events.









In 2007-2008, OCA staff contracted for the development of a comprehensive events database to streamline event calendaring, to provide an accurate and convenient method for event data collection and reporting, and to manage event billings and collections. The final product is expected to be operational by the end of summer 2008.



# Community and Economic Development CSA

## Core Service: Outdoor Special Events City Manager – Office of Economic Development

### Performance and Resource Overview (Cont'd.)

Outdoor Special Events Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
 % of events rated by City departments good to excellent based on planning	93%	92%	95%	95%
 Ratio of City grant funding to all other revenue sources	\$1:\$14	\$1:\$15	\$1:\$14	\$1:\$12
 Net cost of City services per 1,000 event attendees	\$290	\$375	\$309	\$165*
 % of events billed within 30 days of cost determination	91%	94%	94%	95%
 % of event organizers rating City services and facilities good to excellent based on safety and planning	90%	82%	90%	92%
 % of event attendees rating events good to excellent based on quality, safety and accessibility	90%	92%	90%	95%
 % of residents rating the City's efforts at providing an adequate number and variety of outdoor special events as good or excellent	48%	50%	46%	46%**
 % of neighbors rating event coordination good to excellent based on safety and planning	80%	80%	85%	85%

*Changes to Performance Measures from 2007-2008 Adopted Budget: No*

\* The decrease is primarily due to the cessation of the *San José Grand Prix*, and to a small degree, the absence of *ZeroOne San José Festival* (a biennial event).

\*\* The next San José Community Survey will occur in 2009-2010.

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
# of events held on public and private property	337	320	370	360
# of event attendees	1,817,558	2,210,000	1,900,000	1,760,000
Grant funding for special events	\$384,238	\$413,194	\$413,194	\$457,749
Cost of City services (for special events)	\$1,070,304	\$1,200,000	\$1,200,000	\$886,000
# of non-profit sponsored events	212	199	229	223
Recovered cost	\$542,636	\$500,000	\$612,000	\$595,000

*Changes to Activity & Workload Highlights from the 2007-2008 Adopted Budget: No*

# Community and Economic Development CSA

## Core Service: Outdoor Special Events City Manager – Office of Economic Development

### Performance and Resource Overview (Cont'd.)

Outdoor Special Events Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 481,924	\$ 627,547	\$ 629,267	\$ 629,267	0.3%
Non-Personal/Equipment	293,542	264,740	256,983	56,983	(78.5%)
<b>Total</b>	<b>\$ 775,466</b>	<b>\$ 892,287</b>	<b>\$ 886,250</b>	<b>\$ 686,250</b>	<b>(23.1%)</b>
<b>Authorized Positions</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>0.0%</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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#### RANGE OF QUALITY EVENTS, CULTURAL OFFERINGS, AND PUBLIC ARTWORKS

##### 1. Arts Program Non-Personal/Equipment Funding (200,000) (200,000)

This action will eliminate non-personal/equipment funding from the General Fund for the arts program. Currently, all arts programs, other than grants made directly to arts and cultural organizations, are funded by the General Fund. The non-personal/equipment funding has been used for arts education and community arts development activities, and per the Municipal Code, TOT may be used for this purpose. Funding consideration for this non-personal/equipment support was brought forward and approved by the Arts Commission in June 2008. (Ongoing savings: \$200,000)

#### Performance Results:

No impacts to current service levels are anticipated as a result of this action.

<b>2008-2009 Adopted Core Service Changes Total</b>	<b>0.00</b>	<b>(200,000)</b>	<b>(200,000)</b>
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# Community and Economic Development CSA

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## Core Service: Provide Services to Homeless and At-Risk Populations

*Housing Department*

### Core Service Purpose

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**C**oordinate services toward ending homelessness.

#### Key Operational Services:

- ☐ Coordination of Services Aimed to End Chronic Homelessness
- ☐ Grant Administration

- ☐ Information and Referral Services for Homeless and Those At-Risk of Homelessness

### Performance and Resource Overview

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**S**an José is a partner with the County and other Santa Clara County cities working to end chronic homelessness. This core service coordinates with the County and local homeless service agencies to develop and implement initiatives to end and prevent homelessness; provides grants to agencies that directly assist households that are homeless or at-risk of becoming homeless; distributes information and referrals on shelter, housing, and social service programs; and coordinates a comprehensive direct service program that provides housing and transportation payment assistance, identifies available affordable housing, and assists in linking individuals to needed services such as employment assistance.

In December 2007, the “Blue Ribbon Commission on Ending Homelessness and Solving the Affordable Housing Crisis” (BRC), co-chaired by County Board of Supervisor Don Gage and San José Mayor Chuck Reed, approved a series of recommendations to help end homelessness and provide sufficient affordable housing. The purpose of the Commission is to help raise awareness and implement actions to ensure that the goals adopted in the City and County’s 10-Year Plan to End Chronic Homelessness are met. In order to ensure that these goals are met, the addition of a limit-dated Homeless Services Manager was approved in this budget. The City also continues to host two Project Homeless Connect events a year, in which a variety of agencies gather at a day-long resource fair to provide services to homeless and at-risk residents.

This core service administers grants to non-profit agencies that provide services to homeless individuals and families and those at risk of homelessness. Grant funds include federal Emergency Shelter Grants (ESG) and Housing Opportunities for Persons with Aids (HOPWA), and local funds made available through the City’s Housing Trust Fund. The program oversees grant contracts and monitors compliance with grant requirements, and the performance of grantees. In 2008-2009, the program expects to grant \$443,313 in ESG funding, \$739,000 in HOPWA entitlement funding, \$408,833 in HOPWA competitive funding, and up to \$4 million in Housing Trust Funds.





In recent years, the Department has become increasingly aware of its need to respond to local emergencies such as residential fires and floods, especially when the emergency results in displacement. For this reason, the addition of an Emergency Services Specialist was approved in this budget. This position will respond to local residential emergencies, as well as perform code

# Community and Economic Development CSA

## Core Service: Provide Services to Homeless and At-Risk Populations *Housing Department*

### Performance and Resource Overview (Cont'd.)

enforcement actions. As a part of this role, this position will be actively involved in overseeing the management of The Haven, a shelter specifically designed for housing disaster victims. This position will also proactively prepare for emergency situations that could leave substantial numbers of San José residents without shelter.

<b>Provide Services to Homeless and At-Risk Populations Performance Summary</b>	<b>2006-2007 Actual</b>	<b>2007-2008 Target</b>	<b>2007-2008 Estimated</b>	<b>2008-2009 Target</b>
 Cumulative % of households assisted in securing permanent housing over 10 year period 2004-2013 (based on 2004 Census)	10%	10%	71% <sup>2</sup>	78%
 % annual change in the number of unduplicated persons utilizing emergency shelters	NEW	-4%	-4%	-4%
 % of qualified clients that are referred to or assisted with emergency housing within 24 hours	95%	95%	95%	95%
 % of walk-in clients that are satisfied or very satisfied with the effectiveness, timeliness, and courtesy of services received <sup>2</sup>	99%	95%	95%	95%

*Changes to Performance Measures from 2007-2008 Adopted Operating Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2007-2008 Adopted Budget:

↪ “% change in the number of unduplicated persons utilizing emergency shelters” was revised to read, “% annual change in the number of unduplicated persons utilizing emergency shelters.” This revision provides language clarification.

↪ “% change in the number of reported homeless encampments” from the Performance Summary section was revised to read, “Numbers of reported homeless encampments” and moved to the Activity & Workload Highlights section. This revision will allow the Department to count numbers instead of comparing data (to any other time frame) since staff rotation may impact data quality.

<sup>2</sup> The methodology for reporting this data changed in 2007-2008. The goal of securing permanent housing for 10% of the homeless population each year still remains; however, the cumulative goal is now reflected as 100%, rather than 10%.

# Community and Economic Development CSA

## Core Service: Provide Services to Homeless and At-Risk Populations Housing Department

### Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Number of reported homeless encampments (annual)	NEW	NEW	225	200
Number of chronically homeless individuals (as defined by HUD) assisted in securing permanent housing	NEW	190	140	190
New federal, State or private foundation funds secured to assist efforts to end homelessness	NEW	\$500,000	\$315,000	\$500,000
Number of unduplicated clients assisted by the Homeless Program	10,428	4,500	6,000 <sup>2</sup>	4,500

*Changes to Activity & Workload Highlights from 2007-2008 Adopted Operating Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget:

☺ “% change in the number of reported homeless encampments” from the Performance Summary section was revised to read, “Numbers of reported homeless encampments” and moved to the Activity & Workload Highlights section. This revision will allow the Department to count numbers instead of comparing data (to any other time frame) since staff rotation may impact data quality.

<sup>2</sup> In 2007-2008, services were more focused on permanent supportive housing for clients rather than temporary housing solutions. This resulted in a lower number assisted.

Provide Services to Homeless and At-Risk Populations* Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Core Service Budget **</b>					
Personal Services	\$ 416,670	\$ 459,639	558,504	781,775	70.1%
Non-Personal/Equipment	50,626	29,045	29,045	33,045	13.8%
<b>Total</b>	<b>\$ 467,296</b>	<b>\$ 488,684</b>	<b>\$ 587,549</b>	<b>\$ 814,820</b>	<b>66.7%</b>
<b>Authorized Positions</b>	<b>4.30</b>	<b>4.30</b>	<b>4.85</b>	<b>6.85</b>	<b>59.3%</b>

\* In 2006-2007, the Provide Services to Homeless and At-Risk Populations Core Service appeared in the Neighborhood Services CSA.

\*\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

# Community and Economic Development CSA

## Core Service: Provide Services to Homeless and At-Risk Populations *Housing Department*

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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#### DIVERSE RANGE OF HOUSING OPPORTUNITIES

1. Telephone Communications Cost Efficiencies		(1,000)	0
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This action generates ongoing city-wide telephone communications cost savings totaling \$332,000 (\$152,000 in the General Fund). The cost savings in the Housing Department in the Provide Services to Homeless and At-Risk Populations Core Service is \$1,000. These reductions are made possible by efficiencies resulting from the routing of phone calls over combined voice/data lines over the Internet, a technology known as Voice over Internet Protocol (VoIP) that is more cost efficient than traditional phone systems that route calls over existing phone lines. Savings are also being achieved through lower departmental call levels. (Ongoing savings: \$1,000)

#### Performance Results:

No changes to current service levels are anticipated with this reduction due to the technology efficiencies of VoIP.

2. Homeless and Emergency Services	2.00	228,271	0
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This action adds a Development Specialist, assigned to the function of emergency service provision, as well as add a limit-dated Development Officer (June 30, 2009, to cover for a long-term vacancy) to perform homeless services management in the Housing Production Division. The Development Specialist will respond to residential fires and other residential emergencies; work with the City departments to develop emergency response plans; as well as manage The Haven, a transitional housing facility designed for housing disaster victims. This position will serve as the Department's Emergency Services Specialist and will coordinate with outside entities such as the Red Cross and the County of Santa Clara. The Development Officer position will serve as the Department's Homeless Services Manager and will provide adequate staffing and resources to ensure that the goals set forth by the Blue Ribbon Commission, which includes ending chronic homelessness, are accomplished. This position will provide direct supervision of Homeless program staff, as well as implement a new program to provide monthly rental assistance and case management to 15 families transitioning out of homelessness. (Ongoing costs: \$99,665)

#### Performance Results:

**Quality** The increased staffing will result in increased ability to end chronic homelessness and respond to local residential emergencies.

2008-2009 Adopted Core Service Changes Total	2.00	227,271	0
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# Community and Economic Development CSA

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## Core Service: Regulate/Facilitate Private Development *Public Works Department*

### Core Service Purpose

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**R**evue of private development to ensure that new development contributes to the safety and welfare of the citizens as well as the City's economic development.

#### Key Operational Services:

- |   |   |
|---|---|
| <input type="checkbox"/> Grading Permits            | <input type="checkbox"/> Development Application Review |
| <input type="checkbox"/> Public Improvement Permits | <input type="checkbox"/> Assessment Engineering         |
| <input type="checkbox"/> Traffic Reports            | <input type="checkbox"/> Utility Permits                |
| <input type="checkbox"/> Inspection                 | <input type="checkbox"/> Underground Service Alert      |
| <input type="checkbox"/> Subdivision Maps           |   |

### Performance and Resource Overview

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**T**here are three components to this core service: 1) Development Services, which involves Public Works' review of private development planning projects, development of Public Works' conditions of approval, plan checking, and inspection of public improvements during construction; 2) Assessment Engineering (also known as the Special Districts Program), which administers projects funded by municipal financing districts; and 3) the Utility Program, which reviews and issues permits to utility companies and locates City-owned underground facilities. The Development Services Plan Review and Inspection component is funded by cost-recovery fees paid by private developers; the Special Districts Program is funded by cost-recovery fees as well as funding from the City's Tax Roll; and the Utility Program is supported by cost-recovery fees paid by utility companies. 2008-2009 marks the second year that the "Fee Program" numbers included in the Activity and Workload Highlights section show the revenues and costs of the Development and Utility Fee Programs broken out separately as each group provides service to a distinct customer base. Both programs are operated on a 100% cost-recovery basis. Ensuring that the fees established for these programs recover the full cost of providing service is essential to maintaining the Department's ability to match staffing levels to service demand as development activity fluctuates. In turn, the ability to support staffing at a level commensurate with activity levels has proved to be the most important factor for maintaining targeted performance.

All of the operational services under the Core Service of Regulate/Facilitate Private Development contribute to the Community and Economic Development City Service Area's Outcome *Safe, Healthy, Attractive and Vital Community*.

# Community and Economic Development CSA

## Core Service: Regulate/Facilitate Private Development *Public Works Department*

### Performance and Resource Overview (Cont'd.)

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#### Development Services

During a two-year period (2004-2005 and 2005-2006) when development fees were not increased, a significant fee to cost of service gap developed. This time period coincided with a significant increase in program costs driven primarily by substantial increases in personnel and overhead costs. For 2006-2007, a 7% fee increase was implemented to begin closing the cost gap with funds from the fee reserve used to balance the program budget.

The 2007-2008 budget also used funding from the fee reserve and included fee adjustments that were anticipated to increase revenue by 8.9%. Three positions were added to marginally increase performance levels that had deteriorated due to the cost recovery gap. Unfortunately, staff attrition prevented the application of those additional resources to work on large projects submitted near the end of the 2006-2007 fiscal year. In addition, current year activity and revenue have fallen significantly. At mid-year, the development appropriation and the revenue estimate were reduced by \$205,000 and an additional \$470,000 was allocated from the fee reserve to keep the program in balance.

2007-2008 revenue in the development fee program, originally budgeted at \$7.0 million is projected to be approximately \$5.3 million. This \$1.7 million shortfall will require the use of the remainder of the fee reserve (for a total reserve use of approximately \$1.3 million for 2007-2008) and over \$400,000 in additional personal services savings from holding positions vacant.

Due to the size of the shortfall in the Development Fee Program, a reduction of 13.20 positions is included in this budget. On the revenue side, an adjustment to development fees that will generate a 10% increase in revenue is also included. The restructuring of Public Works' planning review fees used a methodology based on calculating the average time spent on the various review processes and the hourly cost of that time, and was a major work effort in 2007-2008. Because the full implementation of the restructured fee model would necessitate a large percentage increase in the cost of Public Works planning review, and due to the lack of development community support for such an increase, a modified implementation of the new fee structure was approved. This partial implementation of the fee restructuring will result in a decrease to cycle-time performance and customer satisfaction, as significant reductions to staff resources are required to balance the budget for this program. While the new fee structure does move towards an hourly rate model, the hourly rate that the development community is prepared to support at this time is 26% below the rate required to deliver current performance targets. The implementation of this modified structure that limits the total development fee revenue increase to 10% would result in a decline in cycle time performance to 53% based on current cycle time targets.

To address this new fiscal reality in Public Works' Development Services Division, cycle time processing targets will be expanded to time frames that staff can meet 85% of the time. In addition, staff will meet with development customers, beginning in July, to review the process steps and time allocations in the new fee structure to see if the process can be streamlined and costs reduced.



# **Community and Economic Development CSA**

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## **Core Service: Regulate/Facilitate Private Development** *Public Works Department*

### **Performance and Resource Overview (Cont'd.)**

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#### **Development Services (Cont'd.)**

Concurrently, a similar process review and costing effort on implementation fees planned for implementation in 2009-2010 will receive the same customer scrutiny.

#### **Assessment Engineering**

The Assessment Engineering section administers projects funded by municipal financing districts. Responsibilities of this section include district formation, collecting, and accounting for assessment payments. Currently, this group collaborates with the Department of Transportation in managing 12 Community Facilities Districts, 13 Maintenance Assessment Districts, 10 Improvement Districts, and a newly formed Downtown Property Based Improvement District. As a result of this newly formed district, the assessment engineering section is now responsible for an additional \$1.6 million in collections, assessing 800 parcels for maintenance enhancement, and an ambassador program in the Downtown area.

#### **Utility Program**

The Utilities section reviews plans and issues permits for work performed by utility and telecommunication companies and locates City-owned underground facilities. The 2008-2009 Adopted Budget actions include the shift of 1.0 Associate Construction Inspector position from the development fee program to the Utility Program to support the higher Trench Restoration oversight outlined in the Mayor's March 2007 Budget Message. There is sufficient projected revenue above the base cost estimate to add these resources without a fee increase.

The Utilities section also prepares for City Council approval of a five-year plan to underground existing utility company facilities and remove utility poles. Further information on the undergrounding component of this section can be found in the Developer Assisted Projects Capital Program section of the 2008-2009 Adopted Capital Budget.

#### **Recent Performance-Related Initiatives**

Public Works has embarked on several initiatives to improve performance. These include:

- Re-organization of the Development Fee Program into a new service delivery model
- Completion of new Landscape Details
- Updates to City Standard Details

The actual tracking of performance data has vastly improved, and the services of a consultant have been retained. The consultant has recently released its second annual scientifically administered survey to help departments better understand how customers rate their services. This survey information drives the customer service performance as tabulated below.

# Community and Economic Development CSA





## Core Service: Regulate/Facilitate Private Development Public Works Department

### Performance and Resource Overview (Cont'd.)

#### Recent Performance-Related Initiatives (Cont'd.)

Public Works will no longer measure quality performance via a customer survey, but rather through an internal management review. It is important to note that in 2007-2008, the internal review has only been for Planning memos and not improvement plans. Beginning in 2008-2009, however, both Planning memos and improvement plans will be reviewed and performance will be tracked accordingly. This approach has the added benefit of aiding staff development through direct management feedback on their work product. The Public Works Department has established the standards for the new quality review methodology and recently began tracking this performance.

As mentioned previously, the cycle time targets for individual permits and processes have been extended on the basis of the new staffing resource reality. The overall target of meeting the cycle time goals 85% of the time can then be retained because these cycle time goals are longer.

Regulate/Facilitate Private Development Performance Summary	2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
 % of projects that receive thorough, complete, and consistent processing in the first cycle of the review process: Development Review*	74%	90%	88%**	85%
 Ratio of current year fee revenue to Development Fee Program cost	98%	97%	83.6%	100%
 Selected cycle time measures for: Improvement plan processing targets met Planning processing targets met	68% 47%	85% 85%	56% 80%	85% 80%
 % of Development process participants rating service as good or excellent: Development Review*	77%	75%	78%	70%

*Changes to Performance Measures from 2007-2008 Adopted Budget: No*

\* The numbers in this chart represent only the Public Works Department component of the Development Permit Process. Other phases of this process are reflected in the Planning, Building, and Code Enforcement Department's Development Plan Review and Building Construction Inspection Core Service.

\*\* This only represents the number of Planning memos reviewed by the Public Works Department. The quality review of Improvement plans was not included due to a lack of sufficient resources. With the restitution of a new Senior Engineer in the later part of 2007-2008, both the review of Planning memos and Improvement plans will be included in 2008-2009.

# Community and Economic Development CSA

## Core Service: Regulate/Facilitate Private Development Public Works Department

### Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2006-2007 Actual	2007-2008 Forecast	2007-2008 Estimated	2008-2009 Forecast
Fee program revenue	\$7,852,319	\$8,673,925	\$7,045,000	\$7,400,544
Development Services	\$6,329,485	\$6,968,021	\$5,340,000	\$5,797,911
Utility Program	\$1,522,834	\$1,705,904	\$1,705,000	\$1,602,633
Fee program costs	\$7,708,798	\$8,913,806	\$8,425,000	\$7,400,544
Development Services	\$6,185,964	\$7,207,903	\$6,720,000	\$5,797,911
Utility Program	\$1,522,834	\$1,705,919	\$1,705,000	\$1,602,633
Number of Development Improvement Plans reviewed for consistency and completeness*	N/A	N/A	N/A	700
Number of major Utility Permit Plans reviewed for consistency and completeness	576	550	545	550
Number of customer surveys returned	271	300	270	300
Number of customers surveyed with a rating of good or excellent	210	225	211	240
Service requests received	2,190	4,500	1950	1950
Service requests responded to within pre-established and/or committed turn-around times	1,327	3,825	1,200	1,200
Number of feet of utility lines undergrounded	5,400	6,000	8,000	16,000
Number of underground service alert requests received	28,200	35,000	30,000	29,000

*Changes to Activity & Workload Highlights from 2007-2008 Adopted Budget: No*

\* Due to a reduction in supervisory resources, the consistency and completeness review of Development Improvement Plans was discontinued in 2006-2007. The reallocation of a vacant position to the Senior Engineer level in 2007-2008 will enable the program to resume this review activity in 2008-2009.

Regulate/Facilitate Private Development Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 6,101,919	\$ 6,147,872	\$ 6,966,959	\$ 5,803,796	(5.6%)
Non-Personal/Equipment	757,126	617,151	229,651	246,710	(60.0%)
<b>Total</b>	<b>\$ 6,859,045</b>	<b>\$ 6,765,023</b>	<b>\$ 7,196,610</b>	<b>\$ 6,050,506</b>	<b>(10.6%)</b>
<b>Authorized Positions</b>	<b>54.77</b>	<b>56.77</b>	<b>61.43</b>	<b>49.28</b>	<b>(13.2%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

# Community and Economic Development CSA

## Core Service: Regulate/Facilitate Private Development *Public Works Department*

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
<b>SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY</b>			
<b>1. Public Works Fee Program</b>	<b>(12.15)</b>	<b>(1,146,104)</b>	<b>(1,146,104)</b>
<p>In order to bridge the gap (\$1.7 million) between anticipated revenues in 2008-2009 of \$7.1 million and expenditures of \$8.8 million in the Public Works Fee Program, several actions were approved. A 10% overall fee increase (which includes the first phase of a fee restructuring effort) is anticipated to increase expected revenues to \$7.3 million. The elimination of eleven fee-supported positions, valued at \$1.1 million (2.0 Engineering Technician, 2.0 Associate Engineering Technician, 1.0 Senior Engineering Technician, 1.0 Principal Engineering Technician, 1.0 Associate Construction Inspector, 1.0 Senior Construction Inspector, 1.0 Engineer, 1.0 Engineering Trainee PT, and 1.0 Associate Engineer), along with the shift of 1.15 positions (0.15 Accountant, 0.5 Geographic Systems Specialist, and 0.5 Survey Field Supervisor) out of the Fee Program and into the capital program and the Plan, Design and Construct Public Facilities and Infrastructure Core Service in the Strategic Support CSA was also approved. In addition, the re-establishment of overtime funding for the program in the amount of \$35,000 was approved. Lastly, non-personal/equipment funding was increased by \$17,059. (Ongoing savings: \$1,146,104)</p>			
<b>Performance Results:</b>			
<b>Cost</b> This action will decrease resources to match projected revenue levels in the Public Works Fee Program ensuring that the Program will attain a 100% ratio of fee revenue to fee program costs. <b>Cycle Time</b> The cycle time target for individual processes and permits will be extended so that staff will be able to meet targets 85% of the time. Thus, while the percentage of targets met will improve, actual processing times will be longer in 2008-2009 due to the significant reduction in staff resources. Staff will meet with development customers to review the process steps and time allocations in the new fee structure to see if the process can be streamlined and costs reduced.			
<b>2008-2009 Adopted Core Service Changes Total</b>	<b>(12.15)</b>	<b>(1,146,104)</b>	<b>(1,146,104)</b>

# Community and Economic Development CSA

## Core Service: Workforce Development *City Manager – Office of Economic Development*

### Core Service Purpose

**A**ssist businesses in hiring a quality workforce through assessment, supportive services, and employability skills training.

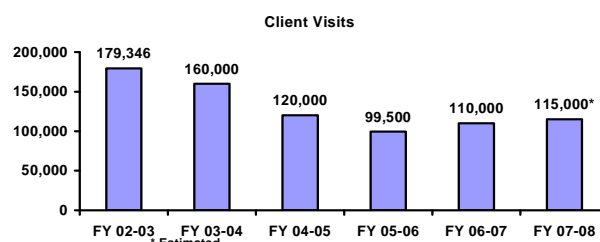
#### Key Operational Services:

- |   |  |
|---|--|
| <input type="checkbox"/> Customized, Professional Career Services | <input type="checkbox"/> Career Transition Management                          |
| <input type="checkbox"/> Workforce Reduction Assistance           | <input type="checkbox"/> Employee Attraction, Training, and Retention Services |

### Performance and Resource Overview

**S**ince July 2000, the City of San José has acted as an administrative and fiscal agent for the Silicon Valley Workforce Investment Network (SVWIN). In July 2006, SVWIN changed its name to “work2future” as part of a broader marketing campaign aimed at the business and job seeker communities. Work2future, as a new brand name, represents over 20 partners who serve job seekers and businesses through the One-Stop delivery system. Work2future provides Workforce Investment Act (WIA) programs across an eight-city service area: San José, Campbell, Gilroy, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, and Saratoga. WIA’s employment development services align with and contribute to the *Strong Economic Base* outcome of the Community and Economic Development City Service Area.

The Mayor acts as the Chief Local Elected Official for work2future. The City, through the Office of Economic Development, staffs the work2future program and is reimbursed for personnel costs from federal funds the City receives. The work2future Board (WIB) has authority to determine policy within the San José-Silicon Valley Workforce Investment Area. The City of San José, in its capacity as fiscal agent, reviews funding decisions to determine if U.S. Department of Labor procurement guidelines have been followed by the WIB and enters into contracts on behalf of the WIA program. Funding for WIA comes from two sources: (1) regularly allocated funding streams, and (2) grants that are awarded on a competitive basis. The main programs administered by the City of San José include three regularly allocated funding streams: Adult, Dislocated Worker, and Youth. In addition to WIA administrative staff supplied by the City of San José, a variety of contractors manage programs for these main funding streams. In 2007-2008, San José Evergreen College District was renewed for the WIA Adult and Dislocated Worker contracts. In 2007-2008, the WIA Youth contracts were awarded to San José Conservation Corps, Unity Care, and MACSA (Mexican American Community Services Agency) – Gilroy for the Younger Youth (14-18) programs, San José Evergreen College District Institute for Business Performance Program, Center for



# Community and Economic Development CSA

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## **Core Service: Workforce Development** *City Manager – Office of Economic Development*

### Performance and Resource Overview (Cont'd.)

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Training and Careers, and San José Conservation Corps for the Older Youth (19-21) programs.

Despite multiple State funding rescissions over the past several years, work2future anticipates continued achievement in 2008-2009. Various staffing shifts have been approved for 2008-2009 to realign staff due to the anticipated reduction in funding and the expectation to continue providing services at current levels. Work2future anticipates continuing to provide critical services in the area of employment and job retention goals for clients receiving WIA services. Through these efforts, work2future will achieve the remaining outcomes of the new common measure standards from the Department of Labor by meeting nine out of nine annual performance outcomes (one of the few WIBs statewide to do so). Work2future continues to increase the ability of youth to retain their jobs; youth clients are receiving more preparation on how to enter and retain their positions in this current job market to offset their employment disadvantages during this period of relative high unemployment.

The intent of WIA is to provide clients with a broad range of support services that place them in jobs. WIA clients participate in a process that includes services from recruitment to training to job search assistance and ultimately job placement. This timeframe is typically 18-24 months. Clients exit WIA services upon placement into unsubsidized employment.

In 2008-2009, work2future will be one of the 12 Learning Labs in the State to change its service delivery model from enrolling a limited number of individuals (500) in the Adult and Dislocated Workers program to enrolling all customers (approximately 18,000). The new integrated service delivery model encourages significant partner participation. The service model is driven by the local economy and employer needs and draws on quality workforce intelligence and local labor market information. The service design emphasizes skills assessment/enhancement and labor market attachment for all customers with the goal of transforming job seekers into even more competitive job candidates. The service design and all services are available at all work2future One Stop Centers located in San José, Gilroy, and Campbell.

#### **Customer Service**

Consistent with input received from the local business community through focus groups and the City's Economic Development Strategy, work2future has designated industry sectors, or "clusters," for targeting the WIA training funds received. The industry clusters targeted are: retail, hospitality, healthcare, bio-science, clean technology, software, construction, and public sector. Most recently, work2future partnered with local solar technology companies to become the first Workforce Investment Board in California to receive Employment Training Panel funds to prepare workers for employment in clean technology jobs.

In October 2006, work2future opened a new, "flagship" One-Stop on Parkmoor Avenue in Downtown San José. This 66,000 square foot, three-story building allows for enhanced services and workshops, more room for Job Fairs and targeted recruitments, expanded partnerships, and is currently providing services to over 350 individuals a day at the Parkmoor location. Work2future

# Community and Economic Development CSA

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## Core Service: Workforce Development *City Manager – Office of Economic Development*

### Performance and Resource Overview (Cont'd.)

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#### Customer Service (Cont'd.)

has continued to maintain its presence in East San José through partnerships with community-based organizations such as Center for Training and Careers and utilizing the mobile unit to bring the same services to key locations such as schools, universities, cultural centers, and libraries. In accordance with the vision of WIA, the One-Stop service centers provide client and business services in three different cities of the eight-city service area.

#### Business Recruitment Assistance

As a result of an extensive partnership with 39 business service providers, BusinessOwnerSpace.com (BOS) was launched in October 2007 to provide entrepreneurs and small businesses with a virtual information portal and self-referral system for needed services. This endeavor was started as an offshoot of work2future's successful Business Service Council and their efforts to find ways to provide self-service to the business community in a period of reduced budget and staff availability. Since the launch, over 15,000 visits have been recorded on the website.

BusinessOwnerSpace.com is in its infancy and its partners are committed to Continuous Quality Improvement principals. The steering committee is comprised of several City departments such as Finance Department, Environmental Services Department, Planning, Building and Code Enforcement as well as Office of Economic Development and San José Redevelopment Agency. Non-profit partners include SCORE, Small Business Development Center, Lenders for Community Development, San José/Silicon Valley, and four local ethnic chambers.

Work2future is a major partner of BusinessOwnerSpace.com and through the Business Service Program serves four areas: Human Resources, Technical Assistance, Information and Research, and Access to Capital. Businesses have received a variety of services including free posting of job listings, access to qualified job applicants, pre-employment screening, specialized workshops, training for new employees, and assistance with downsizing and employee transitions. In 2007-2008, the group established relationships with an additional 140 companies beyond the 600 business clients to which the program linked over the last three years. As the central toll free number for BOS, an additional 199 service calls have been received and 355 businesses/entrepreneurs have been referred to BOS-coordinated events and services to date.







#### Vocational Classroom Training

As part of the process to place jobseekers and upgrade the skills of workers, the WIA program includes vocational classroom training opportunities. Under the Workforce Investment Act, federal funds are provided for employment assistance and training for eligible youth, low income/disadvantaged adults, and dislocated workers. Training services for adults are contracted out through an application process and approved by the State of California Employment Development Department. Clients eligible for training select a training provider from a list of eligible providers.

# Community and Economic Development CSA

## Core Service: Workforce Development City Manager – Office of Economic Development

### Performance and Resource Overview (Cont'd.)

Workforce Development Performance Summary	2006-2007 Actual	2007-2008 Target*	2007-2008 Estimated	2008-2009 Target*
 Adults entering employment	81%	77%	78%	TBD
 Dislocated workers entering employment	90%	85%	86%	TBD
 Youth entering employment	82%	80%	85%	N/A**
 Adults retaining employment	78%	82%	83%	TBD
 Dislocated workers retaining employment	92%	87%	88%	TBD
 Youth workers retaining employment	84%	80%	85%	N/A**

*Changes to Performance Measures from 2007-2008 Adopted Budget: No*

\* The performance measure targets in this document represent those negotiated with U.S. Department of Labor and the State of California Employment Development Department for 2007-2008. Targets have not yet been negotiated for 2008-2009.

\*\* A new set of performance indicators, known as "Common Measures" for workforce programs is being developed and the department will bring forward proposed changes in the next budget process.

Workforce Development Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Core Service Budget *</b>					
Personal Services	\$ 3,665,015	\$ 3,988,551	\$ 4,436,890	\$ 4,317,356	8.2%
<b>Total</b>	<b>\$ 3,665,015</b>	<b>\$ 3,988,551</b>	<b>\$ 4,436,890</b>	<b>\$ 4,317,356</b>	<b>8.2%</b>
<b>Authorized Positions</b>	<b>40.70</b>	<b>40.70</b>	<b>42.90</b>	<b>40.90</b>	<b>0.5%</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.



# Community and Economic Development CSA

## Core Service: Workforce Development *City Manager – Office of Economic Development*

### Budget Changes By Core Service

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
<b>STRONG ECONOMIC BASE</b>			
1. Work2Future Program Staffing Realignment	(2.00)	(119,534)	0
<p>This action will realign the staffing for the work2future program by eliminating seven vacant positions (one Accountant, two Community Coordinator, two Office Specialist, and two Senior Office Specialist positions) and adding five positions (four Analysts and one Network Technician positions). In response to a funding reduction in grants that are provided from the State for the work2future program, an evaluation of the staffing needs based on the new level of funding resulted in a realignment of staff resources. (Ongoing savings: \$65,639)</p> <p><b>Performance Results:</b> <b>Customer Satisfaction</b> The level of service for the work2future program is anticipated to be slightly reduced due to the funding reduction in State grants. <b>Cost</b> The realignment of staff will reflect the anticipated reduction in funding.</p>			
2008-2009 Adopted Core Service Changes Total	(2.00)	(119,534)	0

# Community and Economic Development CSA

## Strategic Support

*City Manager – Office of Economic Development*

### Core Service Purpose

**S**trategic Support represents the services provided within departments that support and guide the provision of the core services.

#### Key Operational Services:

☐ Administrative Support

### Performance and Resource Overview

**S**trategic Support is an ongoing requirement to provide the core services of Office of Economic Development.

A transfer of an Economic Development Officer, which supports the Enterprise Zone program, from the Office of Economic Development to the San José Redevelopment Agency is included in this budget. The Enterprise Zone program is further discussed in the Business/Job Attraction, Retention, Expansion and Creation core service section in this document.

<b>Strategic Support Resource Summary</b>	<b>2006-2007 Actual 1</b>	<b>2007-2008 Adopted 2</b>	<b>2008-2009 Forecast 3</b>	<b>2008-2009 Adopted 4</b>	<b>% Change (2 to 4)</b>
<b>Strategic Support Budget *</b>					
Personal Services	\$ 676,696	\$ 794,590	\$ 421,907	\$ 372,597	(53.1%)
Non-Personal/Equipment	135,029	92,162	95,469	95,469	3.6%
<b>Total</b>	<b>\$ 811,725</b>	<b>\$ 886,752</b>	<b>\$ 517,376</b>	<b>\$ 468,066</b>	<b>(47.2%)</b>
<b>Authorized Positions</b>	<b>6.40</b>	<b>6.40</b>	<b>3.55</b>	<b>3.20</b>	<b>(50.0%)</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

# Community and Economic Development CSA

## Strategic Support

*City Manager – Office of Economic Development*

### Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
<b>STRONG ECONOMIC BASE</b>			
1. Enterprise Zone Staffing Transfer to Redevelopment Agency	(0.35)	(49,310)	(49,310)
This action will transfer an Economic Development Officer position that supports the Enterprise Zone program from the Office of Economic Development to the San José Redevelopment Agency (SJRA). The costs of this position will be assumed by the SJRA. (Ongoing savings: \$49,310)			
<b>Performance Results:</b> No impacts to current service levels are anticipated as a result of this action.			
<b>2008-2009 Adopted Strategic Support Changes Total</b>	<b>(0.35)</b>	<b>(49,310)</b>	<b>(49,310)</b>

# Community and Economic Development CSA

## Strategic Support *Fire Department*

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**S**trategic Support represents services provided within the Fire Department that support and guide the provision of the core services, including the core services rolling up to both the Public Safety and Community and Economic Development CSAs.

### Key Operational Services:

- |   |  |
|---|--|
| <input type="checkbox"/> Administration         | <input type="checkbox"/> Multilingual Services |
| <input type="checkbox"/> Equipment/Facilities   | <input type="checkbox"/> Safety/Wellness       |
| <input type="checkbox"/> Information Technology | <input type="checkbox"/> Training              |
| <input type="checkbox"/> Master Planning        |  |

## Performance and Resource Overview

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**S**trategic Support for the Fire Department provides support to two City Service Areas: Public Safety and Community and Economic Development. The description here relates to the services for the Community and Economic Development CSA.

As described in the Fire Safety Code Compliance Core Service, a combination of actions including cost adjustments, increase in fees, and one-time use of reserves is approved to bring the development-related fees to 100% cost recovery in 2008-2009 as well as address anticipated activity levels. In this core service, these actions include the funding shift of 0.25 of a Senior Analyst and 0.30 of a Senior Office Specialist (\$71,116) from Fire's non-development services to development services to more accurately reflect staffing needs; the addition of a limit-dated 0.25 Senior Analyst (\$31,378) to support Records Management System (RMS) implementation and automation improvements in development services through 2008-2009; and funding for 0.25 of a temporary overstrength Analyst (\$24,565) to reflect the position providing primary support to the non-development fee program and collateral support to the Senior Analyst assigned to development services.

# Community and Economic Development CSA

## Strategic Support Fire Department

### Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Strategic Support Budget *</b>					
Personal Services	\$ 710,452	\$ 737,293	\$ 786,423	\$ 913,559	23.9%
Non-Personal/Equipment	2,135	26,789	26,789	26,789	0.0%
<b>Total</b>	<b>\$ 712,587</b>	<b>\$ 764,082</b>	<b>\$ 813,212</b>	<b>\$ 940,348</b>	<b>23.1%</b>
<b>Authorized Positions</b>	<b>9.54</b>	<b>8.64</b>	<b>8.64</b>	<b>9.44</b>	<b>9.3%</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

### Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
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#### SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY

##### 1. Fire Development Fee Program 0.80 127,059 127,059

The Fire Safety Code Compliance Core Service includes a combination of cost adjustments, increase in fees, and one-time use of reserves to bring the Fire Development Fee Program to 100% cost recovery in 2008-2009 with expenditures projected at \$6.1 million. In this Core Service, the actions include the addition of a limit-dated 0.25 Senior Analyst to support RMS implementation and automation improvements (\$31,378), funding for 0.25 of a temporary overstrength Analyst (\$24,565), and a shift in 0.25 of a Senior Analyst and 0.30 of a Senior Office Specialist from non-development to development services (\$71,116) as described in the Fire Strategic Support Core Service in the Public Safety CSA. (Ongoing cost: \$71,116)

#### Performance Results:

**Cost** To achieve full cost-recovery, these actions align revenue with projected expenditures.

# Community and Economic Development CSA

## Strategic Support *Fire Department*

### Strategic Support Budget Changes (Cont'd.)

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
<b>SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)</b>			
<b>2. Police/Fire Retirement Rate Adjustment</b>		<b>77</b>	<b>77</b>
This technical adjustment increases Fire's Personal Services appropriation in this Strategic Support Core Service by \$77 to reflect adjusted City contribution rates for the Police/Fire Retirement Plan. Subsequent to the release of the 2008-2009 Proposed Operating Budget, the Police/Fire Retirement Board approved retirement rates for retiree health that were higher than what was assumed in the development of the Proposed Operating Budget. The total increase in the Fire Department is \$219,638, with adjustments also displayed in the Fire's other core services in this city service area and in the Public Safety City Service Area. (Ongoing cost: \$77)			
<b>Performance Results:</b> No changes to current service levels are anticipated as a result of this action.			
<b>2008-2009 Adopted Strategic Support Changes Total</b>	<b>0.80</b>	<b>127,136</b>	<b>127,136</b>

# Community and Economic Development CSA

## Strategic Support *Housing Department*

---

**S**trategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Housing Department includes:

### Key Operational Services:

- |   |   |
|---|---|
| <input type="checkbox"/> Policy Development                               | <input type="checkbox"/> Employee Services    |
| <input type="checkbox"/> Community Development Block Grant Administration | <input type="checkbox"/> Facility Management  |
| <input type="checkbox"/> Long Range Planning                              | <input type="checkbox"/> Vehicle Maintenance  |
| <input type="checkbox"/> Financial Management                             | <input type="checkbox"/> Audit Supervision    |
| <input type="checkbox"/> Computer Services                                | <input type="checkbox"/> Materials Management |
| <input type="checkbox"/> Clerical Support                                 | <input type="checkbox"/> Public Education     |

### Performance and Resource Overview

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**T**he Housing Department's organizational structure consists of new construction, housing rehabilitation, loan monitoring, management and analysis, and grant management. Strategic Support provides essential operational services including budget and financial management, human resource services, information and technology management, policy development, and grant administration to ensure the efficient operation of Housing Department programs. It also includes the Department's Policy section and the administration of the City's Community Development Block Grant (CDBG) program.

Over the past five years, the Housing Department has greatly expanded the number of revenue sources, each of which has its own requirements regarding eligible uses of funds and deadlines for commitments and expenditures. Revolving loan programs such as the Teacher Housing Program have also added significant complexity to the Department's workload. In June 2007, the City Council and Redevelopment Agency Board approved amendments to the Inclusionary Housing Policy which included a revised inclusionary fee structure. As a result, the Department has received several in-lieu fee payments from developers. In 2007-2008 the Department expects to receive over \$5 million in in-lieu fee revenue.

In response to the significant growth and complexity of housing-related funding sources over the past several years, the addition of an Accountant position was approved in this budget. This Accountant will assist with the tracking and reporting of all restricted federal, State, and local funds; maintain the subsidiary ledger for the loan portfolio; and create a desk manual for the fiscal section.

In 2008-2009, the CDBG program will begin its third year under the administration of the Housing Department. For 2008-2009, the City has been awarded \$9,941,878 in CDBG Entitlement funds for public service and community development projects, a reduction of 3.4% from the 2007-2008

# Community and Economic Development CSA





## Strategic Support Housing Department

### Performance and Resource Overview (Cont'd.)

amount. This reduction continues a downward trend in the annual entitlement amount, from a high of \$13,453,000 in 1995-1996. At the same time, economic challenges and declining revenues have impacted both the non-profit sector and the City in recent years, contributing to increasing applications for CDBG funds.

The CDBG Program is also expected to generate \$1,600,000 in program income in 2008-2009 from repayments on housing rehabilitation and economic development business loans. Additional funds totaling \$6,248,729 will also be made available for 2008-2009 through unencumbering funds allocated for non-performing grants, bringing the total for 2008-2009 to \$17,790,607. This additional funding is one-time, and is not expected to be available in future years.

With the assistance of the CDBG Task Force, an ad hoc committee of the Housing and Community Development Commission, additional program improvements were implemented including additional streamlining of program policies and procedures. The Department will also be exploring further improvements to make the program more user-friendly to grantees while ensuring that it continues to be administered according to federal requirements. Parallel with administrative improvements will be the strategic award of future funds to maximize the benefit to San José neighborhoods.

Strategic Support Performance Summary		2006-2007 Actual	2007-2008 Target	2007-2008 Estimated	2008-2009 Target
	% of CDBG invoices processed within 30 days of receipt of all required documentation	NEW	90%	95%	90%
	% of public service sub-recipient contracts completed by July 1	NEW	NEW	NEW	90%
	% of open projects monitored by June 30	NEW	NEW	NEW	100%
	% of CDBG-funded projects meeting all stated Outcomes <sup>2</sup> :				
	- City projects	NEW	90%	100%	90%
	- Non-City projects	NEW	90%	89%	90%

*Changes to Performance Measures from 2007-2008 Adopted Operating Budget: Yes<sup>1</sup>*

<sup>1</sup> Changes to Performance Measures from 2007-2008 Adopted Budget:

+ “% of public service sub-recipient contracts completed by July 1” measure was added to track timely completion of contracts.

+ “% of open projects monitored by June 30” measure was added to track the Department’s ability to monitor project performance on an annual basis.

U “% of CDBG-funded projects meeting all stated Outcomes” was revised to track City projects and Non-City projects performance separately.

<sup>2</sup> Program outcomes are required on a semi-annual basis in Quarter 2 and Quarter 4.



# Community and Economic Development CSA

## Strategic Support Housing Department

### Performance and Resource Overview (Cont'd.)

Strategic Support* Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Strategic Support Budget **</b>					
Personal Services	\$ 3,204,691	\$ 3,784,919	\$ 3,892,746	\$ 3,991,970	5.5%
Non-Personal/Equipment	419,596	379,308	379,308	356,738	(6.0%)
<b>Total</b>	<b>\$ 3,624,287</b>	<b>\$ 4,164,227</b>	<b>\$ 4,272,054</b>	<b>\$ 4,348,708</b>	<b>4.4%</b>
<b>Authorized Positions</b>	<b>33.15</b>	<b>33.15</b>	<b>33.00</b>	<b>34.00</b>	<b>2.6%</b>

\* In 2006-2007, Strategic Support for the Housing Department appeared in the Neighborhood Services City Service Area.

\*\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

### Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
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#### DIVERSE RANGE OF HOUSING OPPORTUNITIES

##### 1. Telephone Communications Cost Efficiencies (15,070) 0

This action generates ongoing city-wide telephone communications cost savings totaling \$332,000 (\$152,000 in the General Fund). The cost savings in the Housing Department in the Strategic Support Core Service is \$15,070. These reductions are made possible by efficiencies resulting from the routing of phone calls over combined voice/data lines over the Internet, a technology known as Voice over Internet Protocol (VoIP) that is more cost efficient than traditional phone systems that route calls over existing phone lines. Savings are also being achieved through lower departmental call levels. (Ongoing savings: \$15,070)

#### Performance Results:

No changes to current service levels are anticipated with this reduction due to the technology efficiencies of VoIP.

# Community and Economic Development CSA

## Strategic Support *Housing Department*

### Strategic Support Budget Changes (Cont'd.)

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
<b>DIVERSE RANGE OF HOUSING OPPORTUNITIES (CONT'D.)</b>			
<b>2. Housing Accounting Staffing</b>	<b>1.00</b>	<b>91,724</b>	<b>0</b>
<p>This action adds an Accountant II position to the Department's Administrative Division. The addition of this position was in response to an increasingly complex and diverse complement of housing-related funding sources. This position, which will be budgeted in the Low- and Moderate-Income Housing Fund, will perform accounting duties related to In-Lieu Fee revenue and the Teacher Housing Program. In addition, the position will assist with the tracking and reporting of all restricted federal, State, and local funds to ensure accurate and timely processing of Housing funds. (Ongoing costs: \$91,724)</p>			
<b>Performance Results:</b>			
<b>Quality</b> The increase in staffing will result in improved processing, tracking, and reporting of Housing funds.			
<b>2008-2009 Adopted Strategic Support Changes Total</b>	<b>1.00</b>	<b>76,654</b>	<b>0</b>

# Community and Economic Development CSA

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## Strategic Support

*Planning, Building and Code Enforcement Department*

### Core Service Purpose

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**S**trategic Support represents services provided within departments that support and guide the provision of the core services.

#### Key Operational Services:

- |   |   |
|---|---|
| <input type="checkbox"/> Administration     | <input type="checkbox"/> Human Resources        |
| <input type="checkbox"/> Clerical Services  | <input type="checkbox"/> Information Systems    |
| <input type="checkbox"/> Budget Preparation | <input type="checkbox"/> Marketing and Outreach |
| <input type="checkbox"/> Fiscal Services    | <input type="checkbox"/> Safety/Wellness        |

### Performance and Resource Overview

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**T**he desired outcomes for Strategic Support include support for policy development to protect public health, safety and welfare; provision of information and data to the general public; and provision of administrative services to Department and City staff to ensure achievement of the Department's objectives.

#### Administrative Support

Planning, Building and Code Enforcement's (PBCE) Administrative Services Division continues to serve a Department of over 330 employees with a very lean administrative support team. Under the direction of the Department's Administrative Officer, the Administrative Team consists of three Senior Analysts, three Analysts (each Division has one Analyst providing all administrative services), one Staff Technician (Code Enforcement), and one Principal Office Specialist who supports all of the professional administrative staff. The Division Analysts supervise the accounting staff in each Division. The Administrative Officer also manages the Information Technology Department staff assigned to PBCE. In a large Department with four diverse operational divisions located on six floors in two locations, the support logistics and workload are considerable.

#### Resource Changes

The one-time shift of 0.40 FTE of two of PBCE's Senior Analyst positions to the Fire Development Fee Program is proposed to assist Fire with recruitment and classification activities, automation of Fire performance measures, and to work on the scientific customer survey. The 0.10 FTE funding shift of the Building Division Analyst position from the General Fund to the Building Fee Program is included in 2008-2009 in order to align the activities of this position to workload. Additionally, the shift of 0.45 FTE Accounting Technician and 0.45 FTE Planning Division Analyst from the General Fund to the Planning Fee Program is also included to align their funding with workload. The conversion of the Planning Fee Program to a new time-based fee methodology will continue in 2008-2009.

# Community and Economic Development CSA

## Strategic Support

*Planning, Building and Code Enforcement Department*

### Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Strategic Support Budget *</b>					
Personal Services	\$ 1,000,488	\$ 1,471,635	\$ 1,512,882	\$ 1,512,882	2.8%
Non-Personal/Equipment	313,816	664,099	111,429	160,002	(75.9%)
<b>Total</b>	<b>\$ 1,314,304</b>	<b>\$ 2,135,734</b>	<b>\$ 1,624,311</b>	<b>\$ 1,672,884</b>	<b>(21.7%)</b>
<b>Authorized Positions</b>	<b>10.57</b>	<b>11.57</b>	<b>11.57</b>	<b>11.57</b>	<b>0.0%</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

### Strategic Support Budget Changes

Adopted Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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#### SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY

##### 1. Telephone Communications Cost Efficiencies (1,427) (1,427)

This action will generate ongoing city-wide telephone communications cost savings totaling \$332,000 (\$152,000 in the General Fund). The cost savings in the Planning, Building and Code Enforcement Department in Strategic Support is \$1,427. These reductions are made possible by efficiencies resulting from the routing of phone calls over combined voice/data lines over the internet, a technology known as Voice over Internet Protocol (VoIP) that is more cost efficient rather than traditional phone systems that route calls over existing phone lines. Savings are also being achieved through lower departmental call levels. (Ongoing savings: \$1,427)

#### Performance Results:

No changes to current service levels are anticipated with this reduction due to the technology efficiencies of VoIP.

##### 2. Cost Allocation Plan Redeployment 0.0 0 0

This action reallocates a total of 1.56 positions from the General Fund and the Building Fee Program to the Planning and Fire Fee programs. This reallocation will more effectively align department resources with anticipated workload for 2008-2009. (Ongoing savings: \$0)

#### Performance Results:

No change to service levels will result from this action.

# Community and Economic Development CSA

## Strategic Support

*Planning, Building and Code Enforcement Department*

### Strategic Support Budget Changes (Cont'd.)

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
<b>SAFE, HEALTHY, ATTRACTIVE AND VITAL COMMUNITY (CONT'D.)</b>			
<b>3. Rebudget: Website Development</b>		<b>50,000</b>	<b>50,000</b>
The rebudget of unexpended 2007-2008 funds allows the Department to complete the design of a more customer-friendly web interface Development Services website for the San Jose Permits Online System. (Ongoing costs: \$0)			
<b>Performance Results:</b> N/A (Final Budget Modification)			
<b>2008-2009 Adopted Strategic Support Changes Total</b>	<b>0.00</b>	<b>48,573</b>	<b>48,573</b>

# Community and Economic Development CSA

## Strategic Support *Redevelopment Agency*

**S**trategic Support represents services provided within the Department that support and guide the provision of the core services. While there are resources and performance measures associated with strategic support at an operational level, those are not presented separately in this document. Instead, the resources are allocated to each core service according to the level of support provided. Similarly, performance measures are shown only at the core service level, as strategic support services are designed to help improve core service delivery. Strategic Support within the Redevelopment Agency includes:

### Key Operational Services:

- |  |  |
|--|--|
| <input type="checkbox"/> Finance         | <input type="checkbox"/> Legal Services              |
| <input type="checkbox"/> Marketing       | <input type="checkbox"/> Infrastructure Improvements |
| <input type="checkbox"/> Planning        | <input type="checkbox"/> Administration              |
| <input type="checkbox"/> Land Assemblage | <input type="checkbox"/> Economic Development        |

### Performance and Resource Overview

Strategic Support Resource Summary	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
<b>Strategic Support Budget *</b>					
Personal Services	\$ 1,248,184	\$ 1,410,184	\$ 1,483,782	\$ 1,897,152	34.5%
Non-Personal/Equipment	0	0	0	0	0.0%
<b>Total</b>	<b>\$ 1,248,184</b>	<b>\$ 1,410,184</b>	<b>\$ 1,483,782</b>	<b>\$ 1,897,152</b>	<b>34.5%</b>
<b>Authorized Positions</b>	<b>7.00</b>	<b>7.00</b>	<b>7.00</b>	<b>10.00</b>	<b>42.9%</b>

\* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

# Community and Economic Development CSA

## Strategic Support *Redevelopment Agency*

### Strategic Support Budget Changes

Adopted Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
<b>STRONG ECONOMIC BASE</b>			
1. Revolving Loan Fund and Enterprise Zone Staffing Transfer from the Office of Economic Development	3.00	413,370	413,370
<p>This action adds three civil service Economic Development Officer positions to the Redevelopment Agency. These positions, which are being transferred from the Office of Economic Development, are being added to the seven existing civil service positions currently budgeted within the Redevelopment Agency. Two positions are responsible for administering the Revolving Loan Fund program, and one position supports the Enterprise Zone program. The costs for these positions are offset by a reimbursement from the Redevelopment Agency. (Ongoing costs: 413,370)</p> <p><b>Performance Results:</b> <b>Customer Service</b> Current service levels for the Revolving Loan Fund and the Enterprise Zone programs will be maintained.</p>			
2008-2009 Adopted Strategic Support Changes Total	3.00	413,370	413,370

# Community and Economic Development CSA

## City-Wide Expenses

### Overview

The Community and Economic Development Program provides funding for services related to land use planning, development permitting and code regulation, housing (including affordable housing and homeless services), and economic development.

### Budget Summary

City-Wide Expenses Resource Summary*	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Forecast 3	2008-2009 Adopted 4	% Change (2 to 4)
Community and Economic Development	\$ 26,813,707	\$ 29,869,884	\$ 22,738,666	\$ 30,566,003	2.3%
<b>Total</b>	<b>\$ 26,813,707</b>	<b>\$ 29,869,884</b>	<b>\$ 22,738,666</b>	<b>\$ 30,566,003</b>	<b>2.3%</b>
<b>Authorized Positions</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>

\* For a complete listing of allocations for the Community and Economic Development Program, please refer to the City-Wide Expenses section of this document.

### Budget Changes by Program

Adopted Program Changes	Positions	General Fund (\$)
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**1. Chambers of Commerce** **19,000**

This action reallocates funding from the Office of Economic Development's Non-Personal/Equipment appropriation to the Chambers of Commerce appropriation for expenditures related to the San José Silicon Valley Chamber of Commerce. (Ongoing costs: \$19,000) (Final Budget Modification)

**2. Community-Based Organizations Funding Reduction** **(193,475)**

This action reduces funding for community-based organizations (Arena Authority (\$11,306); Convention and Visitors Bureau Marketing Program (\$127,513); San José Museum of Art School (\$2,064); San José Stage Company (\$4,349); Chambers of Commerce (\$16,565); and Sports Authority (\$31,678)) by the same average percentage reduction as other non-public safety city service areas, after a cost-of-living adjustment of 3.75% is applied to their Base Budget allocations. For these organizations, this action reflects a 6% reduction which is partially offset by a Base Budget increase of 3.75%, resulting in a net decrease of 2.25%. The Office of Economic Development will work with the organizations to minimize service delivery impacts. (Ongoing savings: \$193,475)



# Community and Economic Development CSA

## City-Wide Expenses

### Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund (\$)
<b>3. Comprehensive General Plan Update</b>		<b>200,000</b>
This action reallocates funding from the Comprehensive General Plan Update Earmarked Reserve to a City-Wide Expenses appropriation for various expenditures related to the Update. (Ongoing costs: \$0) (Final Budget Modification)		
<b>4. Habitat Conservation Plan</b>		<b>164,247</b>
This action allocates the City's share (\$115,005) for the preparation of the Santa Clara Valley Habitat Plan (SCVHP) and supports 0.50 Planner position in the Planning, Building and Code Enforcement Department. In 2004-2005, the City entered into a multi-year inter-agency cost sharing agreement with the County of Santa Clara, Valley Transportation Authority, Water District and the cities of Gilroy and Morgan Hill to work with the Fish and Wildlife Service to develop the SCVHP/Natural Community Conservation Plan. This Plan is to be incorporated into the Coyote Valley Specific Plan environmental plan. These costs will be paid for from the Environmental Mitigation Earmarked Reserve. (Ongoing costs: \$0)		
<b>5. Historic Resources Inventory</b>		<b>49,241</b>
This action allocates funding for support of 0.50 Planner position in Planning, Building and Code Enforcement Department for Historic Resources Inventory Coordination. This Planner position will be responsible for the preparation of a city-wide historical survey to catalog historic landmark resources and to develop appropriate significance criteria and potential preservation criteria so that more certainty is given to the development community while addressing the needs of the preservation community. (Ongoing costs: \$0)		
<b>6. History San José</b>		<b>539,915</b>
This action increases the annual subsidy by \$539,915 from \$335,085 to \$875,000 to History San José (HSJ) for two years (2007-2008 through 2009-2010) in accordance with the City Council direction approved on December 18, 2007. This increased level of funding support will allow History Park grounds to remain open to the public seven days per week. In addition, during 2009-2010, staff was directed to bring forward for City Council consideration, a funding plan and schedule for the remaining years of the Agreement with the City through 2017-2018. (Ongoing costs: \$539,915)		
<b>7. Mexican Heritage Plaza Maintenance and Operations</b>		<b>396,217</b>
On March 14, 2008, the City Council approved an action whereby the City assumed responsibility for maintenance and operation of the Mexican Heritage Plaza. As a result, a subsidy of \$413,783 to the Mexican Heritage Corporation (MHC) was eliminated as the City began transitioning in 2007-2008, the operations of the Plaza and the related maintenance, utilities and leasing event services that were performed by MHC to the City. In addition, the establishment of an allocation of \$810,000 for the General Services Department to maintain and operate the facility has been added. Offsetting a portion of these costs is a reimbursement of \$300,000 from the estimated income for leasing event services. (Ongoing costs: \$396,217)		

# Community and Economic Development CSA

## City-Wide Expenses

### Budget Changes by Program (Cont'd.)

<b>Adopted Program Changes</b>	<b>Positions</b>	<b>General Fund (\$)</b>
<b>8. Neighborhoods of Distinction</b>		<b>50,000</b>
As directed in the Mayor's June Budget Message, funding of \$50,000 is being made available to the Planning, Building and Code Enforcement Department to support their current work effort to assess whether or not there are sufficient resources available to enhance the protection of distinctive homes and residential neighborhoods in San José. (Ongoing costs: \$0) (Final Budget Modification)		
<b>9. San José Green Vision</b>		<b>900,000</b>
This action allocates one-time funding for Green Vision implementation. On February 1, 2008, staff presented a preliminary implementation plan and provided recommendations for achieving the 10 Green Vision goals. As directed in the Mayor's March Budget Message, this action provides funding to accelerate achievement of the 10 goals. The types of projects that will be funded include: community outreach and engagement program and materials; a pilot for energy audits of low-income rental units; a match for a Department of Energy Solar grant; green building policy implementation; an Urban Forest Manager position; a green materials testing project; a match for an Urban Forest grant; City Hall energy efficiency projects; and a possible compressed natural gas fueling station at the Central Service Yard. Priority will be given to investments that will provide long term cost savings from energy efficiency efforts and other green building practices; increase economic opportunities for local residents and businesses; raise awareness of sustainable practices and encourage participation of all residents and businesses in the Green Vision; and test new clean technologies and green products that may have large scale application. (Ongoing costs: \$0)		
<b>10. Sports Authority</b>		<b>100,000</b>
As directed in the Mayor's June Budget Message, one-time funding of \$100,000 was approved in an effort to bring funding levels for the San José Sports Authority closer to levels of two years ago. (Ongoing costs: \$0) (Final Budget Modification)		

# Community and Economic Development CSA

## City-Wide Expenses

### Budget Changes by Program (Cont'd.)

<b>Adopted Program Changes</b>	<b>Positions</b>	<b>General Fund (\$)</b>
<b>11. Miscellaneous Rebudgets</b>		<b>5,602,192</b>
The rebudget of unexpended 2007-2008 funds will allow for the completion of the projects in 2008-2009 listed below. (Ongoing costs: \$0) (Final Budget Modification)		
Airport West Property Development		21,000
Arts Venture Fund		100,000
City Hall Exhibits Program		12,310
City Hall Lighting Plan		100,000
City Hall Retail Space Build Out		800,000
Comprehensive General Plan Update		1,310,000
Day Laborers Program		300,000
Economic Development Pre-Development Activities		83,415
Economic Incentive Fund		1,000,000
Evergreen-East Hills Development Policy Update		150,000
Historic Preservation		236,147
Joint Planning – South Campus District		315,000
Neighborhood Strip Retail Revitalization		143,597
Planning Area Studies		18,750
Public Art in Private Development Fund		272,973
Relocation of Stockton Warehouse Artifacts		25,000
San José Grand Prix Close Out		130,000
Shopping Center Improvement Program		300,000
Soccer Stadium Process Costs		66,000
Sports Opportunity Fund		83,000
Stevens Creek Auto Row		135,000
<b>2008-2009 Adopted Program Changes Total</b>	<b>0.00</b>	<b>7,827,337</b>

# Community and Economic Development CSA

## General Fund Capital, Transfers, and Reserves

### Budget Summary

<b>General Fund Capital, Transfers, and Reserves Community &amp; Economic Development CSA Resource Summary*</b>	<b>2006-2007 Actual 1</b>	<b>2007-2008 Adopted 2</b>	<b>2008-2009 Forecast 3</b>	<b>2008-2009 Adopted 4</b>	<b>% Change (2 to 4)</b>
Transfers to Other Funds	\$ 4,479,500	\$ 4,430,000	\$ 5,557,853	\$ 5,557,853	25.5%
Earmarked Reserves	N/A	17,443,424	200,000	12,831,758	(26.4%)
<b>Total</b>	<b>\$ 4,479,500</b>	<b>\$ 21,873,424</b>	<b>\$ 5,757,853</b>	<b>\$ 18,389,611</b>	<b>(15.9%)</b>
<b>Authorized Positions</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

\* For a complete listing of allocations for the Transfers to Other Funds and Earmarked Reserves Programs for the Community and Economic Development CSA, please refer to the General Fund Capital, Transfers, and Reserves section of this document.

### Budget Changes by Program

<b>Adopted Program Changes</b>	<b>Positions</b>	<b>General Fund (\$)</b>
<b>1. Earmarked Reserves: Comprehensive General Plan Update Reserve Elimination</b>		<b>(200,000)</b>
This action liquidates an Earmarked Reserve established in the 2008-2009 General Fund Forecast Base Budget for the Comprehensive General Plan Update. Elsewhere in this document, funding is allocated in the City-Wide Expenses section for the Planning, Building and Code Enforcement Department to complete this Comprehensive General Plan Update. (Ongoing savings: \$200,000) (Final Budget Modification)		
<b>2. Earmarked Reserves: Fee Supported - Planning (Works-in-Progress) Reserve</b>		<b>335,463</b>
This action increases the Earmarked Reserve for Development Fee-Supported Planning activities to reflect the policy of preserving all revenue excess in the development fee programs for future development-related activities (works-in-progress). (Ongoing costs: \$0)		

# Community and Economic Development CSA

## General Fund Capital, Transfers, and Reserves

### Budget Changes by Program (Cont'd.)

Adopted Program Changes	Positions	General Fund (\$)
<b>3. Earmarked Reserves: Rebudgets</b>		<b>12,496,295</b>
This action provides for the rebudgeting of unexpended 2007-2008 funding from various Earmarked Reserves listed below. (Ongoing cost: \$0) (Final Budget Modification)		
Annexations 2009-2010	56,720	
Environmental Mitigation (Burrowing Owl)	174,273	
Fee Supported - Building	2,993,660	
Fee Supported - Fire	3,571,642	
Fee Supported - Planning	700,000	
Hayes Mansion Conference Center Line of Credit	5,000,000	
<b>2008-2009 Adopted Program Changes Total</b>	<b>0.00</b>	<b>12,631,758</b>